

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: January 31, 2011
(Date of earliest event reported)

STEVEN MADDEN, LTD.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

000-23702

(Commission File Number)

13-3588231

(IRS Employer
Identification No.)

52-16 Barnett Avenue, Long Island City, New York

(Address of Principal Executive Offices)

11104

(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On January 31, 2011, Steven Madden, Ltd. (the "Company") entered into an employment agreement with Amelia Newton Varela, pursuant to which Ms. Varela will serve as the Executive Vice President - Wholesale of the Company (the "Varela Employment Agreement"). The Varela Employment Agreement, the full text of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference, replaces Ms. Varela's prior employment agreement, which expired by its terms on December 31, 2010.

The term of the Varela Employment Agreement commenced on January 1, 2011 and will expire on December 31, 2013, unless sooner terminated in accordance with the terms thereof. Ms. Varela will receive an annual base salary during the term of \$450,000 and a monthly automobile allowance of \$1,250. In addition, pursuant to the terms of the Varela Employment Agreement, on February 1, 2011, Ms. Varela was granted an option to purchase 100,000 shares of the Company's common stock, \$0.0001 per share, at an exercise price of \$38.17 per share (the market price of the Company's common stock on the last trading date prior to the grant), under the Steven Madden, Ltd, 2006 Stock Incentive Plan, as amended, which option will vest in four equal annual installments of 25,000 shares on each anniversary of the date of grant, commencing on February 1, 2012.

In addition, Ms. Varela is entitled to an annual performance-based cash bonus for each of the fiscal years ended December 31, 2011, 2012 and 2013 in an amount equal to 2% of the increase, if any, in the Wholesale Division EBIT (earnings before interest and taxes) for each such year over the Wholesale Division EBIT for the immediately preceding year, less any deductions required to be withheld by applicable laws and regulations. Wholesale Division EBIT attributable to any business acquired by the Company after January 31, 2011 will not be included for the purpose of determining Ms. Varela's bonus until the acquired business has been owned by the Company for two full calendar years. Ms. Varela's annual bonus, if any, will be paid to her on or about March 15 of the year immediately following the year in which it was earned.

Pursuant to the terms of the Varela Employment Agreement, the Company may terminate Ms. Varela's employment for Cause (as defined in the Varela Employment Agreement), in which event Ms. Varela would be entitled to receive only her accrued and unpaid base salary through the date of termination. In the event Ms. Varela's employment is terminated by the Company without Cause, Ms. Varela would be entitled to receive payment of her annual base salary, payable at regular payroll intervals, from the date of termination of employment through the remainder of the term plus any performance-based cash bonus that has accrued but not yet been paid. In addition, if Ms. Varela's employment is terminated by the Company without Cause during the period commencing 30 days prior to a Change of Control (as defined in the Varela Employment Agreement) and ending 180 days after such Change of Control, Ms. Varela would be entitled to receive an amount equal to the lesser of (i) three times the average of the total compensation received by her in the preceding three calendar years and (ii) the maximum amount that is tax deductible to the Company under Section 280G of the Internal Revenue Code of 1986, as amended.

The foregoing description of the Varela Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Varela Employment Agreement filed as Exhibit 10.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit</u>	<u>Description</u>
10.1	Employment Agreement, dated as of January 31, 2011, between the Company and Amelia Newton Varela.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 1, 2011

STEVEN MADDEN, LTD.

By: /s/ Edward R. Rosenfeld
Edward R. Rosenfeld
Chief Executive Officer

STEVEN MADDEN, LTD.
52-16 BARNETT AVENUE
LONG ISLAND CITY, NY 11104
T (718) 446-1800

January 31, 2011

Dear Ms. Newton Varela:

This letter will set forth below the amended and restated terms and conditions of your employment with Steven Madden, Ltd. (the "Company"):

1. Term of Agreement: January 1, 2011 through December 31, 2013 (the "Term"), unless sooner terminated in accordance with Paragraph 7 of this Agreement.
 2. Position: Executive Vice President – Wholesale. You shall report to the Chief Operating Officer or such other person as the Chief Executive Officer (the "CEO") shall direct.
 3. Salary: \$450,000 per annum (paid in accordance with normal Company practice) from January 1, 2011 through December 31, 2013.
 4. Annual Wholesale Bonus: You shall receive a performance bonus for each of 2011, 2012 and 2013 equal to 2% of the increase, if any, in Wholesale division EBIT (earnings before interest and taxes) for that year over Wholesale division EBIT for the immediately prior year, less any deductions as shall be required to be withheld by any applicable laws and regulations. EBIT from any business acquired after the date hereof shall not be included in the bonus calculation until the second full calendar year under Company ownership. Such bonus (net of any deductions required to be withheld by any applicable laws and regulations) shall be payable on or about March 15 of the following year.
 5. Options: You shall be granted 100,000 options on February 1, 2011. All options shall vest 25% each year for four years, commencing on the first anniversary date of the grant of the options, have a term of seven years and have an exercise price equal to the market price on the last trading day prior to the grant date.
 6. Car Allowance: During the Term, you shall receive a car allowance of \$1,250 per month.
 7. Termination:
 - (a) Involuntary Termination. The Company has the right to terminate your employment, on written notice to you, at any time without Cause (as defined below). In the event the Company terminates your employment without Cause, then the Term shall terminate immediately, and you shall be entitled to receive only (i) Salary payments described in Paragraph 3, at the regular intervals of payment, from the date of termination through the date this Agreement would have otherwise terminated but for the involuntary termination plus (ii) any accrued and unpaid Bonus amount described in Paragraph 4 for the year prior to termination which such Bonus shall still be payable on or about March 15 of the year following their accrual.
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- (b) Voluntary Termination by you or Termination for Cause. You shall have the right to terminate your employment at any time for any reason (“Voluntary Termination”) and the Company shall have the right to terminate your employment at any time for Cause, on written notice to you, setting forth in reasonable detail the facts and circumstances resulting in the Cause upon which such termination is based. In the event of a Voluntary Termination or a termination by the Company for Cause, the Term shall terminate immediately and you shall be entitled only to any accrued and unpaid Salary described in Paragraph 3 through the date of termination. For the purpose of this Agreement, Cause shall mean:
- (i) a material breach by you of your material duties or obligations to the Company which is not remedied to the reasonable satisfaction of the Company within ten (10) days after the receipt by you of written notice of such breach from the Company;
 - (ii) you are convicted of, or enter a guilty or “no contest” plea with respect to a felony or a crime of mural turpitude (whether or not a felony);
 - (iii) you have an alcohol or substance abuse problem, which in the reasonable opinion of the Company materially interferes with your ability to perform your duties;
 - (iv) any act or acts of personal dishonesty, fraud, embezzlement, misappropriation or conversion intended to result in your personal enrichment at the expense of the Company, or any of its subsidiaries or affiliates, or any other material breach or violation of fiduciary duty owed to the Company, or any of its subsidiaries or affiliates;
 - (v) any grossly negligent act or omission or any willful and deliberate misconduct by you that results, or is likely to result, in material economic, or other harm, to the Company, or any of its subsidiaries or affiliates; or
 - (vi) you violate or pay fines, suffer sanctions or injunctive relief relating to (whether or not you are found to have violated) any federal or state securities laws, rules or regulations or the rules and regulations of any stock exchange on which the Company is listed or included.
- (c) Disability. You shall be considered to be “Disabled” if, in the Company’s reasonable opinion after receiving the written report of an independent physician selected by the Company, you are incapable, due to mental or physical disability, of performing the essential functions of your duties for a period of sixty (60) days (whether or not consecutive) during any period of one hundred twenty (120) days. In the event you shall become Disabled during the Term, the Company may terminate your employment and the Term and the Company shall have no further obligation or liabilities to you, except payment of accrued and unpaid Salary described in Paragraph 3 through the date of termination plus any accrued and unpaid Bonus amount described in Paragraph 4 for t he year prior to termination, which such Bonus shall still be payable on or about March 15 of the year following their accrual.
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- (d) Death. In the event of your death, your employment and the Term shall terminate immediately and the Company shall have no further obligation or liabilities to you or your estate except that your estate shall be entitled to receive payment of accrued and unpaid Salary described in Paragraph 3 through the date of termination plus any accrued and unpaid Bonus amount described in Paragraph 4 for the year prior to your death, which such Bonus shall still be payable on or about March 15 of the year following their accrual.
- (e) Change of Control. The term "Change of Control", as used herein, shall mean when any person or group (excluding the Company or any of its affiliates) becomes the beneficial owner of securities representing 50% or more of the combined voting power of the Company's then outstanding securities. If, during the period commencing 30 days prior to a Change of Control and ending 180 days after a Change of Control, you are terminated by the Company other than for Cause, you are entitled to receive an amount equal to the lesser of (i) the average amount of total compensation actually received by you for the preceding three calendar years multiplied by 3 or (ii) the maximum amount which is tax deductible to the Company under Internal Revenue Code Section 280G. The foregoing shall be in lieu of, and not in addition to, any other payments or compensation you would otherwise be entitled to hereunder as a result of your termination.
- (f) Termination Payment. Provided the Company makes the payments required under this Letter Agreement that are attributable to the termination of your employment, such payments shall be in full and complete satisfaction and release of any and all claims you or your beneficiaries, estate or legal representatives may have against the Company and/or its subsidiaries or affiliates hereunder.

8. Non-Solicitation/Non-Competition Agreement. You recognize that the services to be performed by you hereunder are special and unique. In consideration of the compensation granted herein, you agree that for as long as you are receiving your Salary under this Agreement and, if you are terminated by the Company for Cause or if you quit or resign your position, through December 31, 2013, you shall not, (i) become employed by or otherwise affiliated with, nor furnish services to, any business that competes with the Company, (ii) solicit any business from any customers of the Company, or (iii) induce or encourage any employee of the Company (or its affiliates) to become employed by, or furnish services to, any business that competes with the Company.

9. Covenant Not to Disclose. You covenant and agree that you will not, to the detriment of the Company, at any time during or after the Term, reveal, divulge or make known to any person (other than (i) to the Company, or (ii) in the regular course of business of the Company) or use for your own account any confidential or proprietary records, data, processes, ideas, methods, devices, business concepts, inventions, discoveries, know-how, trade secrets or any other confidential or proprietary information whatsoever (the "Confidential Information") previously possessed or used by the Company or any of its subsidiaries or affiliates, (whether or not developed, devised or otherwise created in whole or in part by your efforts) and made known to you by reason of your employment by or affiliation with the Company. You further covenant and agree that you shall retain all such knowledge and information which you shall acquire or develop respecting such Confidential Information in trust for the sole benefit of the Company and its successors and assigns. Additionally, you agree that all right, title and interest in and to any discoveries, processes, ideas, methods and/or business concepts that you develop during the Term relating to the business of the Company are, and shall remain the property of the Company, and you hereby assign to the Company any right, title and interest you might otherwise claim therein.

10. **Business Materials, Covenant to Report.** All written materials, records and documents made by you or coming into your possession concerning the business or affairs of the Company shall be the sole property of the Company and, upon the termination of your employment with the Company or upon the request of the Company at any time, you shall promptly deliver the same to the Company and shall retain no copies thereof. You agree to render to the Company such reports of your activities or activities of others under your direction during the Term as the Company may request.
 11. **Governing Law; Injunctive Relief:**
 - 11.1 The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of New York, excluding choice of law rules thereof.
 - 11.2 You acknowledge and agree that, in the event you shall violate any of the restrictions of Paragraphs 8, 9 or 10 hereof, the Company will be without an adequate remedy at law and will therefore be entitled to enforce such restrictions by temporary or permanent injunctive or mandatory relief in any court of competent jurisdiction without the necessity of proving damages or posting a bond or other security, and without prejudice to any other remedies which it may have at law or in equity. Each of you and the Company acknowledges and agrees that, in addition to any other state having proper jurisdiction, any such relief may be sought in, and for such purpose each of you and the Company consents to the jurisdiction of, the courts of the State of New York.
 12. **Assignment:** This Agreement, as it relates to your employment, is a personal contract and your rights and interests hereunder may not be sold, transferred, assigned, pledged or hypothecated.
 13. **Notices:** Any and all notices or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Agreement shall be deemed to have been duly given or made for all purposes when hand delivered or sent by certified or registered mail, return receipt requested and postage prepaid, overnight mail or courier, or facsimile, addressed, if to the Company, at the Company's offices, Attn: CEO, and if to you, at the address of your personal residence as maintained in the Company's records, or at such other address as any party shall designate by notice to the other party given in accordance with this Paragraph 13.
 14. **Entire Agreement:** This Agreement represents the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, supersedes all prior agreements between such parties with respect to the subject matter hereof (including, without limitation, the letter agreement between you and the Company dated April 29, 2008), and cannot be amended, supplemented or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any such amendment, supplement or modification is sought.
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15. Execution in Counterparts; Signatures; Severability: This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Facsimile or electronic mail signatures hereon shall constitute original signatures. If any provisions of this Agreement as applied to any part or to any circumstance shall be adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of such provision in any other circumstances or the validity or enforceability of this Agreement.
16. Representation by Counsel; Interpretation: Each party acknowledges that it has been represented by counsel or has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule or law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived by such parties. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties hereto.

Signature:

/s/ Edward R. Rosenberg
Edward R. Rosenfeld, CEO

Counter-signature:

/s/ Amelia Newton Varela
Amelia Newton Varela
