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

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 7, 2006

STEVEN MADDEN, LTD.
(Exact name of registrant as specified in its charter)

Delaware	000-23702	13-3588231
(State or other jurisdiction of incorporation)	(Registration Number)	(IRS 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

(Former name or former address, if changed since last report.)

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))

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

On February 7, 2006, Steven Madden, Ltd. (the "Company") entered into a Securities Purchase Agreement (the "Securities Purchase Agreement"), between the Company and Daniel M. Friedman. Pursuant to the Securities Purchase Agreement, the Company acquired all of the issued and outstanding shares of capital stock of each of Daniel M. Friedman & Associates, Inc. and DMF International, Ltd. (together, the "DMF Companies"). On February 13, 2006, the Company filed a Current Report on Form 8-K (the "Initial 8-K") to report this acquisition. The Company stated in the Initial 8-K that the financial statements required by Item 9.01 would be filed no later than 71 days after the date that the Initial 8-K was required to be filed. The Company is hereby amending the Initial 8-K by filing certain financial information relating to the DMF Companies (see Item 9.01(c) below) as required by Rule 3-05(b) and Article 11 of Regulation S-X. The information previously reported under Items 1.01 and 2.01 of the Initial 8-K is hereby incorporated by reference into this Current Report on Form 8-K/A.

(a) Financial Statements of Business Acquired

Attached as Exhibit 99.1 are the audited combined financial statements of the DMF Companies for the year ended December 31, 2005.

(b) Pro Forma Financial Statements

Attached as Exhibit 99.2 are the unaudited pro forma condensed consolidated financial data as of December 31, 2005 and for the year then ended.

(c) Exhibits

99.1	Combined Financial Statements of Daniel M. Friedman & Associates, Inc. and DMF International, Ltd. for the year ended December 31, 2005.
99.2	Pro Forma Condensed Consolidated Financial Data as of December 31, 2005 and for the year then ended.

SIGNATURE

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

STEVEN MADDEN, LTD.

By: /s/ JAMIESON A. KARSON

Name: Jamieson A. Karson

Title: Chief Executive Officer

Date: April 24, 2006

EXHIBIT INDEX

DOC. NO.	DOCUMENT DESCRIPTION
Exhibits:	
99.1	Combined Financial Statements of Daniel M. Friedman & Associates, Inc. and DMF International, Ltd. for the year ended December 31, 2005.
99.2	Pro Forma Condensed Consolidated Financial Data as of December 31, 2005 and for the year then ended.

DANIEL M. FRIEDMAN & ASSOCIATES, INC. AND D.M.F. INTERNATIONAL LIMITED

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Daniel M. Friedman & Associates, Inc. and D.M.F. International Limited

We have audited the accompanying combined balance sheet of Daniel M. Friedman & Associates, Inc. and D.M.F. International Limited (the "Company") as of December 31, 2005, and the related combined statements of income, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of D.M.F. International Limited, which statements reflect total assets and net sales constituting 16.5% and 12.8%, respectively, of the related combined totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for D.M.F. International Limited, is based solely on the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Daniel M. Friedman & Associates, Inc. and D.M.F. International Limited as of December 31, 2005, and the combined results of their operations and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Eisner LLP

New York, New York
April 6, 2006

Daniel M. Friedman & Associates, Inc. and D.M.F International Limited

Combined Balance Sheet
December 31, 2005

ASSETS	
Current assets:	
Cash and cash equivalents	$ 186,769
Accounts receivable - net of allowances of $261,249	1,344,221
Due from factor - net of allowances of $672,820	3,546,744
Inventories	3,153,104
Prepaid expenses	41,340
Deferred charges	242,022
Total current assets	8,514,200
Property and equipment, net	293,436
Deposits	61,647
	$ 8,869,283
LIABILITIES	
Current liabilities:	
Accounts payable	$ 4,040,443
Accrued expenses	2,320,059
Taxes payable	30,291
Total current liabilities	6,390,793
Deferred rent	510,777
	6,901,570
Commitments, contingencies and other matters (Note F)	
STOCKHOLDERS' EQUITY	
Common stock - no par value, 200 shares authorized, 100 shares issued and outstanding	400,000
Retained earnings	1,567,713
	1,967,713
	$ 8,869,283

See notes to combined financial statements

Daniel M. Friedman & Associates, Inc. and D.M.F International Limited

Combined Statement of Income
Year Ended December 31, 2005

Net sales	$ 41,512,923
Cost of sales	27,185,689
Gross profit	14,327,234
Commission - net	30,652
Operating expenses	(13,341,737)
Income before provision for income taxes	1,016,149
Provision for income taxes	111,977
Net income	$ 904,172
Pro forma (unaudited) - Note E	
Income before taxes as shown above	$ 1,016,149
Provision for federal and state income taxes assuming Company were taxable as a C-corporation	433,063
Pro forma net income	$ 583,086

See notes to combined financial statements

Daniel M. Friedman & Associates, Inc. and D.M.F International Limited

Combined Statement of Changes in Stockholders' Equity
Year Ended December 31, 2005

	Common Stock		
	Shares	Amount	Retained Earnings
Balance - December 31, 2004	200	$ 400,000	$ 724,064
Distribution to shareholder			(60,523)
Net income			904,172
Balance - December 31, 2005	200	$ 400,000	$ 1,567,713

See notes to combined financial statements

Daniel M. Friedman & Associates, Inc. and D.M.F International Limited

Combined Statement of Cash Flows
Year ended December 31, 2005

Cash flows from operating activities:	
Net income	$ 904,172
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	160,108
Deferred rent expense	211,298
Changes in:	
Accounts receivable	(701,666)
Due from factor	(2,749,798)
Inventories	(1,296,002)
Due from affiliate	(222,882)
Prepaid expenses	38,769
Security Deposits	2,849
Accounts payable and accrued expenses	3,837,402
Accrued incentive compensation	30,291
Net cash provided by operating activities	214,541
Cash flows from investing activities:	
Purchase of property and equipment	(110,321)
Net cash used in investing activities	(110,321)
Cash flows from financing activities:	
Distribution to shareholder	(60,523)
Net cash used in financing activities	(60,523)
Net increase in cash and cash equivalents	43,697
Cash and cash equivalents - beginning of year	143,072
Cash and cash equivalents - end of year	$ 186,769

Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	$ 286,997
Income taxes	$ 63,390

See notes to combined financial statements

DANIEL M. FRIEDMAN & ASSOCIATES AND D.M.F INTERNATIONAL LIMITED

Notes to Combined Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of Presentation:

The combined financial statements include the accounts of Daniel M. Friedman & Associates, Inc. ("Daniel M. Friedman") and D.M.F. International Limited ("D.M.F") (combined referred to as the "Company"), which are affiliated through common ownership. Because of their different fiscal year ends, the financial statements of Daniel M. Friedman as of December 31, 2005 and for the year then ended, have been combined with the financial statements of D.M.F as of January 31, 2006 and for the year then ended. Daniel M Friedman provides operational and administrative services to D.M.F. for which it charges a commission fee. In addition, Daniel M. Friedman provides financial support to D.M.F. via cash advances and payments to third party factories. All significant intercompany balances and transactions have been eliminated, however, the different year-ends of the Companies resulted in "deferred charges" of $242,022 on the accompanying Combined Balance Sheet.

[2] Organization:

Daniel M. Friedman & Associates, Inc. is incorporated in the state of New York and is engaged in the business of importing and selling women's belts, handbags, and other accessories to retail stores throughout the United States. D.M.F. International Limited is incorporated in Hong Kong.

[3] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

[4] Inventories:

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

[5] Property and equipment:

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line and accelerated methods based on estimated useful lives. Leasehold improvements are amortized utilizing the straight-line method over the shorter of their estimated useful lives or the remaining lease term.

Impairment losses are recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are not sufficient to recover the assets' carrying amount. Impairment losses are measured by comparing the fair value of the assets to their carrying amount. No impairment losses have occurred for the year presented.

[6] Advertising costs:

The Company expenses costs of print, radio and billboard advertisements as of the first date the advertisements take place. Advertising expense was not material in 2005.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Revenue recognition:

The Company recognizes revenue when products are shipped pursuant to the Company's standard terms which are freight on board (FOB) warehouse or when products are delivered to the consolidators as per the terms of the customer's purchase order. Sales reductions for anticipated discounts, allowances and other deductions are recognized when sales are recorded. Customers retain the right to replacement of the product for poor quality or improper or short shipments, which have historically been immaterial. D.M.F. International product is shipped directly from third party manufacturers, located primarily in China, to the customer's designated freight forwarder overseas. D.M.F. records revenue when title of the product transfers from the manufacturer to the customer.

[8] Sales reductions:

The Company supports retailers' initiatives to maximize sales of the Company's products on the retail floor by subsidizing the co-op advertising programs of such retailers, providing them with inventory markdown allowances and participating in various other marketing initiatives of its major customers. Such expenses are reflected in the financial statements as reductions to net sales. For the year ended December 31, 2005, the total reductions to net sales for these expenses was $3,412,227.

[9] Cost of sales:

All costs incurred to bring finished products to the Company's distribution center are included in the cost of sales line item on the Combined Statement of Income. These include purchase commissions, letter of credit fees, brokerage fees, FOB costs, custom duty, inbound freight, royalty fees, labels and product packaging. All warehouse and distribution costs are included in the operating expenses line item of the Company's Combined Statement of Income. The Company classifies all shipping costs to customers as operating expenses.

[10] Warehouse and shipping costs:

The Company includes all warehouse and distribution costs in the Operating Expenses line on the Combined Statements of Income. For the year ended December 31, 2005, the total Warehouse and Distribution Costs included in Operating Expenses was $902,205. The Company's standard terms of sales are "FOB warehouse" and thus the Company's wholesale customers absorb most shipping costs.

[11] 401(k) Plan:

The Company maintains a tax-qualified, 401(k) plan which is available to each of the Company's eligible employees who elect to participate after meeting certain length-of-service requirements. The Company makes discretionary matching contributions of 25% of employees' contributions up to a maximum of 4% of employees' compensation, which vest to the employees over a period of time. Total matching contributions to the plan for 2005 was approximately $11,000.

[12] Recently issued accounting standards:

In November of 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 151, "Inventory Costs," which amends the guidance in Accounting Research Bulletin ("ARB") No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). This statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. Additionally, SFAS 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company is required to adopt the provision of SFAS No. 151 in the first quarter of 2006. The Company does not expect SFAS 151 to have a material impact on its consolidated results of operations or financial condition.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Recently issued accounting standards:

In November of 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 151, "Inventory Costs," which amends the guidance in Accounting Research Bulletin ("ARB") No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). This statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. Additionally, SFAS 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company is required to adopt the provision of SFAS No. 151 in the first quarter of 2006. The Company does not expect SFAS 151 to have a material impact on its consolidated results of operation or financial condition.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections - A Replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS 154"). SFAS 154 applies to all voluntary changes in accounting principle and to changes required by an accounting pronouncement that does not include a specific transition provision. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

NOTE B - PROPERTY AND EQUIPMENT

The major classes of assets and accumulated depreciation and amortization are as follows:

Leasehold improvements	$ 314,724
Machinery and equipment	130,397
Computer equipment	120,787
	565,908
Less accumulated depreciation and amortization	(272,472)
Property and equipment - net	$ 293,436

NOTE C - DUE FROM FACTOR

Under the terms of its factoring agreement, the Company may request advances from the factor up to 85% of aggregate receivables purchased by the factor at an interest rate equal to the prime rate (as defined in the agreement). The Company also pays a fee equal to 0.65% of the gross invoice amount of each receivable purchased. In March 2006, the fee was reduced to 0.45%. The Company sells and assigns a substantial portion of its receivables, principally without recourse, to the factor. The factor maintains a lien on all of the Company's receivables and inventory and assumes the credit risk for all assigned accounts approved by them with certain restrictions.

A "factored" sale (whether "with" or "without" recourse) is substantially the same as a non-factored sale and the Company accounts for its factored sales/receivables in the same manner as its non-factored sales/receivables. The factor services the collection of the Company's accounts receivable. Funds collected by the factor are applied against advances owed to the factor (if any), and the balance is due and payable to the Company, net of any fees. The allowance against "due from factor" is an estimated provision for markdowns, allowances, discounts, advertising and other deductions that customers may deduct against their payments.

NOTE D - OPERATING LEASES

In January 2004, the Company entered into a 10 year lease agreement and relocated its offices to a new premises. The Company was obligated to the terms under the lease of its former location which expired on November 30, 2005. Future minimum annual lease payments under its new lease consist of the following at December 31:

2006	$338,900
2007	347,400
2008	356,100
2009	365,000
2010	394,000
Thereafter	1,694,000
	$3,495,400

Rent expense for the year ended December 31, 2005 was approximately $510,365.

Rent expense is calculated by amortizing total rental payments (net of any rental abatements, construction allowances and other rental concessions), on a straight-line basis, over the lease term. Accordingly, rent expense charged to operations differs from rent paid resulting in the Company recording of deferred rent.

NOTE E - INCOME TAXES

The Company has elected to be treated as an "S" Corporation for federal and state income tax purposes and accordingly, other than the New York City and Pennsylvania corporate income taxes, no provision for such taxes are included in the financial statements. Pro forma net income is presented on the accompanying combined statement of income as if the Company was taxable as a C-corporation and provided for federal and state income taxes.

NOTE F - COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

[1] Royalty agreements:

The Company has entered into several license agreements under which the Company has the right to use the various licensors trademarks in connection with the sale and marketing of women's belts, handbags and other accessories throughout the United States. These agreements, which expire at various times through December 31, 2007, require the Company to pay a royalty equal to a percentage of net sales and a minimum royalty in the event that specified net sales targets are not achieved.

Royalty expenses are included in the "operating expenses" section of the Company's combined statement of income. Aggregate minimum future royalties under these agreements are as follows:

Year Ending December 31,	
2006	$ 948,750
2007	260,000
	$1,208,750

NOTE F - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

[2] Concentrations:

The Company maintains cash and cash equivalents with various major financial institutions which at times are in excess of the amount insured.

During the year ended December 31, 2005, the Company purchased approximately 75% of its inventory from China.

Sales to one customer accounted for 18% of total net sales for the year ended December 31, 2005.

NOTE G - FOREIGN OPERATIONS

Assets and liabilities of the affiliate located in Hong Kong as of January 31, 2006 included in the Combined Financial Statements as of December 31, 2005 are as follows:

Current assets / Total assets	$ 1,466,566
Liabilities	$ 317,753
Amount due to an affiliated company	$ 1,021,553
Equity	$ 127,260
Net Sales	$ 5,301,769
Net Income	$ 86,740

NOTE H - SUBSEQUENT EVENT

On February 7, 2006, Steven Madden, Ltd. ("Madden") acquired all of the equity interest of the Company. The acquisition was completed for $18 million in cash and includes certain earn out provisions based on financial performance through 2010. In October of 1998, the Company entered into a license agreement with Madden for the design, manufacture and distribution of women's belts in the United States and Canada. This agreement expired on June 30, 2005. On July 14, 2005, the Company entered into a new license agreement with Madden for the design, manufacture and distribution of handbags, women's belts, wallets and other small leather goods. This agreement was cancelled on February 7, 2006, in connection with the Madden acquisition.

Pursuant to the sale of the Company's stock, the Company entered into employment agreements with several key executives which expire between December 31, 2008 and December 31, 2010. The agreements provide for annual bonuses based upon the Company achieving certain financial goals. Base salary commitments for these executives are as follows:

2006	$ 1,433,423
2007	1,612,000
2008	1,632,000
2009	950,000
2010	950,000
	$ 6,577,423

EXHIBIT 99.2

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The term "acquisition" refers to Steven Madden Ltd.'s ("Madden") acquisition all of the equity interest of privately held Daniel M. Friedman and Associates, Inc. and D.M.F. International Limited (together "Daniel M. Friedman") on February 7, 2006. Founded in 1995, Daniel M. Friedman is a manufacturer and distributor of name fashion handbags and accessories. The acquisition was completed for consideration of $18,148,000 including transaction costs, subject to adjustment including certain earn out provisions based on financial performance through 2010.

The following unaudited pro forma condensed consolidated balance sheets and statements of income as of and for the year ended December 31, 2005 give effect to the acquisition of Daniel M. Friedman after giving effect to the pro forma adjustments. The unaudited pro forma condensed consolidated balance sheet has been derived from the audited balance sheets of Madden and Daniel M. Friedman as of December 31, 2005 as adjusted to give effect to the acquisition as if it occurred on December 31, 2005. The unaudited condensed consolidated pro forma statement of income has been derived from the December 31, 2005 audited statements of income of Madden and Daniel M. Friedman, and gives effect to the consummation of the acquisition as if it had occurred on January 1, 2005.

The pro forma adjustments are based upon available information and certain assumptions that we consider reasonable. The pro forma results of operations are not necessarily indicative of the results of operations that we would have achieved had the acquisition reflected had been consummated on the date indicated or that we will achieve in the future. The unaudited pro forma condensed consolidated balance sheets and statements of income are based on preliminary estimates and assumptions set forth in the accompanying notes. Pro forma adjustments are to reflect the estimated purchase price allocated to the assets and liabilities of Daniel M. Friedman based on preliminary estimated fair values. Pro forma adjustments also reflect amortization expense related to allocated intangibles, the elimination of inter-company transactions, and the taxation of Daniel M. Friedman income as a result of the acquisition.

The pro forma adjustments and allocation of the purchase price are preliminary and are based on our estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized. This final valuation will be based on the actual assets and liabilities of Daniel M. Friedman that exist as of the date of the completion of the acquisition. Any final adjustments may materially change the allocation of the purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a significant change to the unaudited pro forma condensed consolidated financial data. Additionally, the purchase agreement for Daniel M. Friedman provides for annual contingent payments through December 31, 2010, based on the performance of the Daniel M. Friedman. The contingent payments, if earned, will be accounted for as additional purchase price and classified as goodwill. The following pro forma financial statements do not include any adjustments for any of these potential contingent payments. In the opinion of management of Madden, all other adjustments necessary to present fairly the following pro forma financial statements have been made.

These pro forma condensed financial statements should be read in conjunction with the notes thereto and the separate historical financial statements and notes thereto of (i) of Daniel M. Friedman, included in this current report on Form 8-K/A and (ii) Madden, included in the 10-K for the year ended December 31, 2005, incorporated by reference herein.

Pro Forma Condensed Consolidated Balance Sheet (Unaudited)

As of December 31, 2005

(in thousands)	Steven Madden Ltd.	Daniel M. Friedman	Pro forma adjustments		Pro forma consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 52,842	$ 187	$ (15,500)	(a)	$ 37,529
Accounts receivable - net of allowances	3,294	1,344			4,638
Due from factor - net of allowances	31,785	3,547			35,332
Inventories	28,412	3,153			31,565
Marketable securities - available for sale	14,092	--			14,092
Prepaid expenses and other current assets	2,435	283	1,300	(b)	4,018
Prepaid taxes	2,512	--			2,512

Deferred taxes	5,600	--			5,600
Total current assets	140,972	8,514	(14,200)		135,286
Property and equipment, net	20,898	293			21,191
Deferred taxes	5,568	--			5,568
Deposits and other	586	62			648
Marketable securities - available for sale	42,157	--			42,157
Goodwill - net	1,547	--	3,832	(c)	5,379
Intangibles - net	--	--	8,400	(d)	8,400
	$ 211,728	$ 8,869	$ (1,968)		$ 218,629
LIABILITIES					
Current liabilities:					
Accounts payable	$ 15,579	$ 4,040			$ 19,619
Accrued expenses	7,998	2,350			10,348
Accrued incentive compensation	3,329	--			3,329
Total current liabilities	26,906	6,390			33,296
Deferred rent	2,757	511			3,268
	29,663	6,901			36,564
STOCKHOLDERS' EQUITY	182,065	1,968	(1,968)		182,065
	$ 211,728	$ 8,869	$ (1,968)		$ 218,629

Pro Forma Condensed Consolidated Statements of Income (Unaudited)

For the year ended December 31, 2005

(in thousands, except per share data)

	Steven Madden Ltd.	Daniel M. Friedman	Pro forma adjustments	Pro forma consolidated
Net sales:	$ 375,786	$ 41,513		$ 417,299
Cost of sales:	233,286	27,186	(374) (e)	260,098
Gross profit	142,500	14,327	374	157,201
Commission and licensing fee income - net	7,119	31	(374) (e)	6,776
Operating expenses	(117,530)	(13,342)	(1,370) (f)	(132,242)
Impairment of goodwill	(519)	--		(519)
Income before other income (expenses) and provision for income taxes	31,570	1,016	(1,370)	31,216
Other income (expenses):				
Interest income	2,554	--		2,554
Interest expense	(164)	--		(164)
Gain (loss) on sale of marketable securities	(500)	--		(500)
Income before provision for income taxes	33,460	1,016	(1,370)	33,106
Provision for income taxes	14,260	112	(254) (g)	14,118
Net income	$ 19,200	$ 904	$ (1,116)	$ 18,988
Basic income per share	$ 1.43			$ 1.46
Diluted income per share	$ 1.38			$ 1.36
Basic weighted average common shares outstanding	13,408			13,408
Effect of dilutive securities - options	537			537
Diluted weighted average common shares outstanding	13,945			13,945

(a) The pro forma adjustment to cash was determined as follows:

Gross purchase price	$ 18,000
Transaction costs	500
Working Capital reserve	(3,000)
	$ 15,500

(b) The pro forma adjustment to prepaid assets and other current assets:

Estimated acquisition price adjustment due from shareholder of Daniel M. Friedman	$ 1,300

(c) Goodwill:

Cash paid for the equity of Daniel M. Friedman	$	15,500
Estimated acquisition price adjustment		(1,300)
Net cash paid		14,200
Assets acquired:		
Current assets		8,514
Other assets		355
Intangibles		8,400
Liabilities assumed		(6,901)
Net assets acquired		10,368
Goodwill	$	3,832

(d) Intangibles - net:

Estimated trade name	$	200
Estimated customer relationships		2,600
Estimated license agreements		5,600
	$	8,400

(e) Cost of sales, commission and licensing fee:

Eliminate inter-company licensing transactions	$	374

(f) Operating expenses:

Estimated amortization of acquired intangibles. An estimated term of 6 years was used for the trade name, 10 years for customer relationships, and a weighted average of 5 years for license agreements	$	1,370

(g) Provision for income taxes (1):

Daniel M Friedman income before provision for income taxes	$	1,016
Estimated amortization of acquired intangibles		(1,370)
Adjusted income before provision for income taxes		(354)
Income tax provision assuming Daniel M Friedman was taxed at Madden's effective tax rate		(142)
Income tax provided on Daniel M Friedman's statement		112
Adjustment assuming consolidated Company was taxed at Madden's effective tax rate	$	(254)

(1) Historically, Daniel M. Friedman has elected to be treated as an "S" Corporation for federal and state income tax purposes and accordingly, other than the New York City and Pennsylvania corporate income taxes, no provision for such taxes are included in the financial statements. Following the acquisition, Daniel M. Friedman will be subject to taxation as part of the Steven Madden Ltd. consolidated tax returns. The pro forma adjustment reflects the estimated incremental U.S. federal and state income tax provision as if the acquired companies had been subject to taxation under subchapter C of the Internal Revenue Code for the full fiscal year.