

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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

or

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

(State or other jurisdiction of
incorporation or organization)

13-3588231

(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Emerging growth company

Non-accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.0001 per share	SHOO	The NASDAQ Stock Market LLC

As of August 1, 2019, there were 84,860,214 shares of the registrant's common stock, \$0.0001 par value, outstanding.

STEVEN MADDEN, LTD.
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June 30, 2019

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands)

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>
	(unaudited)		(unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 212,664	\$ 200,031	\$ 190,985
Accounts receivable, net of allowances of \$12,570, \$10,849 and \$1,292	21,409	25,057	39,510
Factor accounts receivable	285,227	241,395	245,808
Inventories	146,120	137,247	133,627
Marketable securities – available for sale	36,096	66,968	64,327
Prepaid expenses and other current assets	31,275	23,425	24,483
Prepaid taxes	8,012	9,002	13,289
Total current assets	<u>740,803</u>	<u>703,125</u>	<u>712,029</u>
Note receivable – related party	1,743	1,927	2,108
Property and equipment, net	61,654	64,807	67,378
Operating lease right-of-use asset	179,320	—	—
Deposits and other	2,592	1,967	2,211
Marketable securities – available for sale	—	—	2,122
Deferred taxes	9,319	9,321	6,340
Goodwill – net	148,566	148,112	148,142
Intangibles – net	137,563	143,311	147,312
Total Assets	<u>\$ 1,281,560</u>	<u>\$ 1,072,570</u>	<u>\$ 1,087,642</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 107,436	\$ 79,802	\$ 100,463
Accrued expenses	129,810	130,592	126,774
Operating leases - current portion	38,652	—	—
Contingent payment liability – current portion	—	3,000	—
Accrued incentive compensation	6,321	11,295	4,189
Total current liabilities	<u>282,219</u>	<u>224,689</u>	<u>231,426</u>
Contingent payment liability	—	—	3,000
Deferred rent	—	15,786	15,727
Operating leases - long-term portion	154,643	—	—
Deferred taxes	4,041	4,041	3,602
Other liabilities	13,101	13,372	3,594
Total Liabilities	<u>454,004</u>	<u>257,888</u>	<u>257,349</u>
Commitments, contingencies and other (Note N)			
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, 245,000 shares authorized, 132,681, 131,991 and 131,778 shares issued, 84,821, 85,715 and 87,726 shares outstanding	6	6	6
Additional paid-in capital	438,242	424,835	412,073
Retained earnings	1,264,631	1,217,521	1,173,310
Accumulated other comprehensive loss	(29,449)	(32,628)	(28,669)
Treasury stock 47,860, 46,276 and 44,052 shares at cost	<u>(855,076)</u>	<u>(803,920)</u>	<u>(733,098)</u>
Total Steven Madden, Ltd. stockholders' equity	818,354	805,814	823,622
Noncontrolling interest	9,202	8,868	6,671
Total stockholders' equity	<u>827,556</u>	<u>814,682</u>	<u>830,293</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,281,560</u>	<u>\$ 1,072,570</u>	<u>\$ 1,087,642</u>

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Income

(unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net sales	\$ 444,974	\$ 395,753	\$ 855,914	\$ 784,767
Cost of sales	279,629	247,979	533,572	496,260
Gross profit	165,345	147,774	322,342	288,507
Commission and licensing fee income – net	3,147	2,244	4,374	5,903
Operating expenses	119,809	108,434	233,373	216,269
Impairment charges	4,050	—	4,050	—
Income from operations	44,633	41,584	89,293	78,141
Interest and other income – net	1,262	1,033	2,454	1,630
Income before provision for income taxes	45,895	42,617	91,747	79,771
Provision for income taxes (Note J)	9,784	10,172	20,371	18,128
Net income	36,111	32,445	71,376	61,643
Less: net (loss)/income attributable to noncontrolling interest	(461)	35	279	560
Net income attributable to Steven Madden, Ltd.	\$ 36,572	\$ 32,410	\$ 71,097	\$ 61,083
Basic net income per share	\$ 0.46	\$ 0.40	\$ 0.89	\$ 0.75
Diluted net income per share	\$ 0.44	\$ 0.38	\$ 0.85	\$ 0.71
Basic weighted average common shares outstanding	79,951	81,681	80,241	81,885
Effect of dilutive securities – options/restricted stock	3,918	4,577	3,823	4,238
Diluted weighted average common shares outstanding	83,869	86,258	84,064	86,123
Cash dividends declared per common share	\$ 0.14	\$ 0.13	\$ 0.28	\$ 0.26

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(in thousands)

	Three Months Ended June 30, 2019			Six Months Ended June 30, 2019		
	Pre-tax amounts	Tax benefit/(expense)	After-tax amounts	Pre-tax amounts	Tax benefit/(expense)	After-tax amounts
Net income			\$ 36,111			\$ 71,376
Other comprehensive income:						
Foreign currency translation adjustment	\$ 1,362	\$ —	1,362	\$ 3,617	\$ —	3,617
(Loss) on cash flow hedging derivatives	(567)	136	(431)	(816)	196	(620)
Unrealized gain on marketable securities	18	(4)	14	88	(21)	67
Total other comprehensive income	\$ 813	\$ 132	945	\$ 2,889	\$ 175	3,064
Comprehensive income			37,056			74,440
Less: comprehensive (loss)/income attributable to noncontrolling interests			(536)			164
Comprehensive income attributable to Steven Madden, Ltd.			<u>\$ 37,592</u>			<u>\$ 74,276</u>

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Pre-tax amounts	Tax (expense)	After-tax amounts	Pre-tax amounts	Tax (expense)	After-tax amounts
Net income			\$ 32,445			\$ 61,643
Other comprehensive (loss):						
Foreign currency translation adjustment	\$ (4,668)	\$ —	(4,668)	\$ (4,281)	\$ —	(4,281)
Gain on cash flow hedging derivatives	568	(136)	432	1,538	(369)	1,169
Unrealized gain on marketable securities	86	(21)	65	75	(18)	57
Total other comprehensive (loss)	\$ (4,014)	\$ (157)	(4,171)	\$ (2,668)	\$ (387)	(3,055)
Comprehensive income			28,274			58,588
Less: comprehensive income attributable to noncontrolling interests			35			560
Comprehensive income attributable to Steven Madden, Ltd.			<u>\$ 28,239</u>			<u>\$ 58,028</u>

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity

 (unaudited)
 (in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock		Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance - March 31, 2019	85,729	\$ 6	\$ 431,228	\$ 1,240,004	\$ (30,469)	46,801	\$ (821,074)	\$ 10,851	\$ 830,546
Share repurchases	(1,059)	—	—	—	—	1,059	(34,002)	—	(34,002)
Exercise of stock options	48	—	1,077	—	—	—	—	—	1,077
Issuance of restricted stock, net of forfeitures	103	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	5,937	—	—	—	—	—	5,937
Foreign currency translation adjustment	—	—	—	—	1,437	—	—	(75)	1,362
Unrealized holding gain on securities (net of tax expense of \$4)	—	—	—	—	14	—	—	—	14
Cash flow hedge (net of tax benefit of \$136)	—	—	—	—	(431)	—	—	—	(431)
Dividends on common stock (\$0.14 per share)	—	—	—	(11,945)	—	—	—	—	(11,945)
Distributions to non-controlling interests, net	—	—	—	—	—	—	—	(1,113)	(1,113)
Net income/(loss)	—	—	—	36,572	—	—	—	(461)	36,111
Balance - June 30, 2019	84,821	\$ 6	\$ 438,242	\$ 1,264,631	\$ (29,449)	47,860	\$ (855,076)	\$ 9,202	\$ 827,556
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock		Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance - December 31, 2018	85,715	\$ 6	\$ 424,835	\$ 1,217,521	\$ (32,628)	46,276	\$ (803,920)	\$ 8,868	\$ 814,682
Share repurchases	(1,584)	—	—	—	—	1,584	(51,156)	—	(51,156)
Exercise of stock options	80	—	1,799	—	—	—	—	—	1,799
Issuance of restricted stock, net of forfeitures	610	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	11,608	—	—	—	—	—	11,608
Foreign currency translation adjustment	—	—	—	—	3,732	—	—	(115)	3,617
Unrealized holding gain on securities (net of tax expense of \$21)	—	—	—	—	67	—	—	—	67
Cash flow hedge (net of tax benefit of \$196)	—	—	—	—	(620)	—	—	—	(620)
Dividends on common stock (\$0.28 per share)	—	—	—	(23,987)	—	—	—	—	(23,987)
Distributions to non-controlling interests, net	—	—	—	—	—	—	—	(1,113)	(1,113)
Non-controlling investment in JV	—	—	—	—	—	—	—	1,283	1,283
Net income	—	—	—	71,097	—	—	—	279	71,376
Balance - June 30, 2019	84,821	\$ 6	\$ 438,242	\$ 1,264,631	\$ (29,449)	47,860	\$ (855,076)	\$ 9,202	\$ 827,556

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity

 (unaudited)
 (in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock		Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance - March 31, 2018	87,498	\$ 6	\$ 397,135	\$ 1,152,616	\$ (24,498)	43,763	\$ (723,673)	\$ 6,636	\$ 808,222
Share repurchases	(289)	—	—	—	—	289	(9,425)	—	(9,425)
Exercise of stock options	432	—	9,596	—	—	—	—	—	9,596
Issuance of restricted stock, net of forfeitures	85	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	5,342	—	—	—	—	—	5,342
Foreign currency translation adjustment	—	—	—	—	(4,668)	—	—	—	(4,668)
Unrealized holding gain on securities (net of tax expense of \$21)	—	—	—	—	65	—	—	—	65
Cash flow hedge (net of tax expense of \$136)	—	—	—	—	432	—	—	—	432
Dividends on common stock (\$0.13 per share)	—	—	—	(11,716)	—	—	—	—	(11,716)
Net income	—	—	—	32,410	—	—	—	35	32,445
Balance - June 30, 2018	87,726	\$ 6	\$ 412,073	\$ 1,173,310	\$ (28,669)	44,052	\$ (733,098)	\$ 6,671	\$ 830,293
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock		Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance - December 31, 2017	88,047	\$ 6	\$ 390,723	\$ 1,135,701	\$ (25,614)	42,912	\$ (697,996)	\$ 6,111	\$ 808,931
Share repurchases	(1,140)	—	—	—	—	1,140	(35,102)	—	(35,102)
Exercise of stock options	503	—	11,115	—	—	—	—	—	11,115
Issuance of restricted stock, net of forfeitures	316	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	10,235	—	—	—	—	—	10,235
Foreign currency translation adjustment	—	—	—	—	(4,281)	—	—	—	(4,281)
Unrealized holding gain on securities (net of tax expense of \$18)	—	—	—	—	57	—	—	—	57
Cash flow hedge (net of tax expense of \$369)	—	—	—	—	1,169	—	—	—	1,169
Dividends on common stock (\$0.26 per share)	—	—	—	(23,474)	—	—	—	—	(23,474)
Net income	—	—	—	61,083	—	—	—	560	61,643
Balance - June 30, 2018	87,726	\$ 6	\$ 412,073	\$ 1,173,310	\$ (28,669)	44,052	\$ (733,098)	\$ 6,671	\$ 830,293

See accompanying notes to condensed consolidated financial statements - unaudited.

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

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 71,376	\$ 61,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	11,608	10,235
Depreciation and amortization	10,763	11,109
Loss/(gain) on disposal of fixed assets	737	(14)
Impairment of intangible	4,050	—
Deferred taxes	2	2,001
Accrued interest on note receivable - related party	(21)	(24)
Deferred rent benefit	—	(306)
Realized loss on sale of marketable securities	5	182
Net benefit in connection with the reversal of a contingent liability partially offset by the acceleration of amortization related to the termination of the Kate Spade license agreement	(1,868)	—
Recovery, net of provisions for bad debt expense, related to the Payless ShoeSource bankruptcy	(259)	—
Changes, net of acquisitions, in:		
Accounts receivable	3,909	(37)
Factor accounts receivable	(43,832)	(44,372)
Notes receivable - related party	204	205
Inventories	(8,873)	(23,303)
Prepaid expenses, prepaid taxes, deposits and other	(7,849)	11,182
Accounts payable and accrued expenses	26,232	38,092
Accrued incentive compensation	(4,974)	(6,278)
Lease and other liabilities	(1,449)	(15,388)
Net cash provided by operating activities	<u>59,761</u>	<u>44,927</u>
Cash flows from investing activities:		
Capital expenditures	(6,214)	(5,251)
Purchases of marketable securities	(37,426)	(41,738)
Maturity/sale of marketable securities	69,488	66,634
Net cash provided by investing activities	<u>25,848</u>	<u>19,645</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,799	11,115
Investment of noncontrolling interest	1,283	—
Distribution of noncontrolling interest earnings	(1,113)	—
Payment of contingent liability	—	(7,000)
Common stock purchased for treasury	(51,156)	(35,102)
Cash dividends paid on common stock	(23,987)	(23,474)
Net cash (used in) financing activities	<u>(73,174)</u>	<u>(54,461)</u>
Effect of exchange rate changes on cash and cash equivalents	198	(340)
Net increase in cash and cash equivalents	12,633	9,771
Cash and cash equivalents – beginning of period	<u>200,031</u>	<u>181,214</u>
Cash and cash equivalents – end of period	\$ 212,664	\$ 190,985

See accompanying notes to condensed consolidated financial statements - unaudited.

Notes to Condensed Consolidated Financial Statements – Unaudited

June 30, 2019

(\$ in thousands except share and per share data)

Note A – Basis of Reporting

The accompanying unaudited condensed consolidated financial statements of Steven Madden, Ltd. and subsidiaries (the “Company”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) 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 GAAP 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 the Company and the results of its operations and cash flows for the periods presented. Certain adjustments were made to prior years' amounts to conform to the 2019 presentation and to reflect the three-for-two stock split (see Note B). The results of operations for the three and six month periods ended June 30, 2019 are not necessarily indicative of the operating results for the full year. These financial statements should be read in conjunction with the financial statements and related disclosures for the year ended December 31, 2018 included in the Annual Report of Steven Madden, Ltd. on Form 10-K filed with the SEC on February 28, 2019.

Note B – Stock Split

On September 17, 2018, the Company announced that on September 11, 2018 its Board of Directors declared a three-for-two stock split of the Company's outstanding shares of common stock, effected in the form of a stock dividend on the Company's outstanding common stock. Stockholders of record at the close of business on October 1, 2018 received one additional share of Steven Madden, Ltd. common stock for every two shares of common stock owned on that date. The additional shares were distributed on October 11, 2018. Stockholders received cash in lieu of any fractional shares of common stock they otherwise would have received in connection with the dividend. All share and per share data provided herein gives effect to this stock split, applied retroactively.

Note C – Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Significant areas involving management estimates include variable consideration included in revenue, allowances for bad debts, inventory valuation, valuation of intangible assets, litigation reserves and contingent payment liabilities. The Company estimates variable consideration on trade accounts receivables and factor receivables for future customer chargebacks and markdown allowances, discounts, returns and other miscellaneous compliance-related deductions that relate to the current period sales. The Company evaluates anticipated chargebacks by reviewing several performance indicators of its major customers. These performance indicators, which include retailers' inventory levels, sell-through rates and gross margin levels, are analyzed by management to estimate the amount of the anticipated customer allowance.

Note D – Factor Receivable

The Company has a collection agency agreement with Rosenthal & Rosenthal, Inc. (“Rosenthal”). The agreement can be terminated by the Company or Rosenthal at any time upon 60 days prior written notice. Under the agreement, the Company can request advances from Rosenthal of up to 85% of aggregate receivables submitted to Rosenthal. The agreement provides the Company with a \$30,000 credit facility with a \$15,000 sub-limit for letters of credit at an interest rate based, at the Company's election, upon a calculation that utilizes either the prime rate minus 0.5% or LIBOR plus 2.5%. As of June 30, 2019 and 2018, no borrowings were outstanding under the credit facility. As of June 30, 2019 there were no open letters of credit and as of June 30, 2018 there were open letters of credit of \$110. The Company also pays Rosenthal a fee based on a percentage of the gross invoice amount submitted to Rosenthal. With respect to receivables related to our private label business, the fee is 0.14% of the gross invoice amount. With respect to all other receivables, the fee is 0.20% of the gross invoice amount. Rosenthal assumes the credit risk on a substantial portion of the receivables that the Company submits to it and, to the extent of any loans made to the Company, Rosenthal maintains a lien on the Company's receivables to secure the Company's obligations.

Notes to Condensed Consolidated Financial Statements – Unaudited

June 30, 2019

(\$ in thousands except share and per share data)

Note E – Marketable Securities

Marketable securities consist primarily of certificates of deposit and corporate bonds with maturities greater than three months and up to four 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 stockholders' equity as accumulated other comprehensive income/(loss). These securities are classified as current and non-current marketable securities based upon their maturities. Amortization of premiums and discounts is included in interest income. For the three and six months ended June 30, 2019 and 2018, the amortization of bond premiums totaled \$88 and \$218 compared to \$183 and \$382, respectively. The value of these securities may fluctuate as a result of changes in market interest rates and credit risk. The schedule of maturities at June 30, 2019 and December 31, 2018 is as follows:

	Maturities as of June 30, 2019		Maturities as of December 31, 2018	
	1 Year or Less	1 to 4 Years	1 Year or Less	1 to 4 Years
Corporate bonds	\$ 2,150	\$ —	\$ 24,617	\$ —
Certificates of deposit	33,946	—	42,351	—
Total	\$ 36,096	\$ —	\$ 66,968	\$ —

For the three and six months ended June 30, 2019, losses of \$5 and \$5 were reclassified from accumulated other comprehensive income and recognized in the Condensed Consolidated Statements of Income in interest and other income compared to losses of \$49 and \$182 for the comparable periods in 2018. For the six months ended June 30, 2019, current marketable securities included immaterial unrealized losses and no non-current marketable securities were held by the Company. For the comparable period in 2018, current marketable securities included unrealized losses of \$114 while non-current marketable securities included unrealized losses of \$21.

Notes to Condensed Consolidated Financial Statements – Unaudited

June 30, 2019

(\$ in thousands except share and per share data)

Note F – Fair Value Measurement

The accounting guidance under Accounting Standards Codification 820-10, “Fair Value Measurements and Disclosures” (“ASC 820-10”) requires the Company to make disclosures about the fair value of certain of its assets and liabilities. ASC 820-10 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. ASC 820-10 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. A brief description of those three levels is as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Significant unobservable inputs.

The Company’s financial assets and liabilities subject to fair value measurements as of June 30, 2019 and December 31, 2018 are as follows:

	Fair value	June 30, 2019		
		Fair Value Measurements		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 96,781	\$ 96,781	\$ —	\$ —
Current marketable securities – available for sale	36,096	36,096	—	—
Total assets	\$ 132,877	\$ 132,877	\$ —	\$ —
Liabilities:				
Forward contracts	\$ 139	\$ —	\$ 139	\$ —
Total liabilities	\$ 139	\$ —	\$ 139	\$ —

	Fair value	December 31, 2018		
		Fair Value Measurements		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 77,050	\$ 77,050	\$ —	\$ —
Current marketable securities – available for sale	66,968	66,968	—	—
Forward contracts	707	—	707	—
Total assets	\$ 144,725	\$ 144,018	\$ 707	\$ —
Liabilities:				
Contingent consideration	\$ 3,000	\$ —	\$ —	\$ 3,000
Total liabilities	\$ 3,000	\$ —	\$ —	\$ 3,000

Notes to Condensed Consolidated Financial Statements – Unaudited

June 30, 2019

(\$ in thousands except share and per share data)

Our level 3 balance consists of contingent consideration related to an acquisition. The changes in our level 3 liabilities for the periods ended June 30, 2019 and December 31, 2018 are as follows:

	<u>Balance at January 1,</u>	<u>Payments</u>	<u>Acquisitions</u>	<u>Change in estimate</u>	<u>Balance at June 30,</u>
2019					
Liabilities:					
Contingent consideration	\$ 3,000	—	—	(3,000)	\$ —
2018					
Liabilities:					
Contingent consideration	\$ 10,000	(7,000)	—	—	3,000

Forward contracts are entered into to manage the risk associated with the volatility of future cash flows (see Note M - Derivative Instruments). Fair value of these instruments is based on observable market transactions of spot and forward rates.

The Company recorded a liability for potential contingent consideration in connection with the January 30, 2017 acquisition of Schwartz & Benjamin. Pursuant to the terms of an earn-out provision contained in the equity purchase agreement, as amended, between the Company and the sellers of Schwartz & Benjamin, earn-out payments are based on the performance of certain specified license agreements. The fair value of the contingent payments was estimated using the present value of the payments based on management's projections of the financial results of Schwartz & Benjamin during the earn-out period. An earn-out payment in the aggregate amount of \$7,000 was paid to the sellers of Schwartz & Benjamin in the first quarter of 2018, leaving a remaining balance of \$3,000 at December 31, 2018, which, in the first quarter of 2019, the Company reversed because it will not need to pay based on the termination of the Kate Spade license agreement, which will occur by the end of the current fiscal year.

Accounting guidance permits entities to choose to measure financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The accounting guidance also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that chose different measurement attributes for similar assets and liabilities. The Company has elected not to measure any eligible items at fair value.

The carrying value of certain financial instruments such as accounts receivable, factor accounts receivable and accounts payable approximates their fair values due to the short-term nature of their underlying terms. The fair values of investments in marketable securities available for sale are determined by reference to publicly quoted prices in an active market. Fair value of the notes receivable held by the Company approximates their carrying value based upon their imputed or actual interest rate, which approximates applicable current market interest rates.

Note G – Leases

During the first quarter 2019, the Company adopted ASU No. 2016-02, "Leases (Topic 842)," which requires leases with durations greater than twelve months to be recognized on the balance sheet. The Company adopted the standard using the modified retrospective approach with an effective date as of January 1, 2019. The Company did not apply the new standard to comparative periods and therefore, those amounts are not presented below.

The Company elected the package of three practical expedients. As such, the Company did not reassess whether expired or existing contracts are or contain a lease and did not need to reassess the lease classifications or reassess the initial direct costs associated with expired or existing leases. The Company did not elect the hindsight practical expedient and the land easement practical expedient, neither of which are applicable to the Company. Also, the Company has elected to take the practical expedient to not separate lease and non-lease components for all asset classes.

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(\$ in thousands except share and per share data)

The Company leases office space, sample production space, warehouses, showrooms, storage, and retail stores under operating leases. The Company's portfolio of leases is primarily related to real estate and since most our leases do not provide a readily determinable implicit rate, the Company estimated its incremental borrowing rate to discount the lease payments based on information available at lease commencement.

Lease Position

The table below presents the lease-related assets and liabilities recorded on the balance sheet as of June 30, 2019:

	Classification on the Balance Sheet	June 30, 2019
Assets		
Noncurrent	Operating lease right-of-use asset	\$ 179,320
Liabilities		
Current	Operating leases - current portion	\$ 38,652
Noncurrent	Operating leases - long-term portion	154,643
Total operating lease liabilities		\$ 193,295
Weighted-average remaining lease term		5.9 years
Weighted-average discount rate ⁽¹⁾		4.4%

(1) Upon adoption of the new lease standard, discount rates used for existing leases were established at January 1, 2019.

Lease Costs

The table below presents certain information related to lease costs for leases during the three and six months ended June 30, 2019:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost	\$ 11,544	\$ 22,901
Short-term lease cost	9	16
Less: Sublease Income	147	277
Total lease cost	\$ 11,406	\$ 22,640

Other Information

The table below presents supplemental cash flow information related to leases as of the six months ended June 30, 2019:

	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows used for operating leases	\$ 22,963

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June 30, 2019

(\$ in thousands except share and per share data)

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the lease liabilities recorded on the balance sheet as of June 30, 2019:

	Operating Leases
2019 (remaining six months)	\$ 23,422
2020	45,349
2021	39,084
2022	30,762
2023	22,397
Thereafter	58,679
Total minimum lease payments	219,693
Less: interest	26,398
Present value of lease liabilities	<u>\$ 193,295</u>

Note H – Share Repurchase Program

The Company's Board of Directors authorized a share repurchase program (the "Share Repurchase Program"), effective as of January 1, 2004. The Share Repurchase Program does not have a fixed expiration or termination date and may be modified or terminated by the Board of Directors at any time. On several occasions the Board of Directors has increased the amount authorized for repurchase of the Company's common stock. Most recently, on April 24, 2019, the Board of Directors approved the extension of the Company's Share Repurchase Program for up to \$200,000 in repurchases of the Company's common stock, which includes the amount remaining under the prior authorization. The Share Repurchase Program permits the Company to effect repurchases from time to time through a combination of open market repurchases or in privately negotiated transactions at such prices and times as are determined to be in the best interest of the Company. During the six months ended June 30, 2019, an aggregate of 1,494,171 shares of the Company's common stock were repurchased under the Share Repurchase Program, at a weighted average price per share of \$32.26, for an aggregate purchase price of approximately \$48,206, which includes the amount remaining under the prior authorization. As of June 30, 2019, approximately \$166,754 remained available for future repurchases under the Share Repurchase Program.

The Steven Madden, Ltd. 2019 Incentive Compensation Plan provides the Company with the right to deduct or withhold, or require employees to remit to the Company, an amount sufficient to satisfy any applicable tax withholding obligations applicable to stock-based compensation awards. To the extent permitted, employees may elect to satisfy all or part of such withholding obligations by tendering to the Company previously owned shares or by having the Company withhold shares having a fair market value equal to the employee's withholding tax obligation. During the six months ended June 30, 2019, an aggregate of 90,016 shares were withheld in connection with the settlement of vested restricted stock to satisfy tax withholding requirements, at an average price per share of \$32.77, for an aggregate purchase price of approximately \$2,950.

Note I – Net Income Per Share of Common Stock

Basic net income per share is based on the weighted average number of shares of common stock outstanding during the period, which does not include unvested restricted common stock subject to forfeiture of 5,464,000 shares for the period ended June 30, 2019, compared to 5,918,000 shares for the period ended June 30, 2018. Diluted net income per share reflects: (a) the potential dilution assuming shares of common stock were issued upon the exercise of outstanding in-the-money options and the proceeds thereof were used to purchase shares of the Company's common stock at the average market price during the period, and (b) the vesting of granted non-vested restricted stock awards for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost not yet recognized attributable to future services using the treasury stock method, to the extent dilutive. For the three and six months ended June 30, 2019, options to purchase approximately 48,000 and 56,000 shares of common stock,

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June 30, 2019

(\$ in thousands except share and per share data)

respectively, have been excluded from the calculation of diluted net income per share as compared to approximately 41,000 and 21,000 shares that were excluded for the three and six months ended June 30, 2018, as the result would have been anti-dilutive. For the three and six months ended June 30, 2019 and 2018, all unvested restricted stock awards were dilutive.

Note J – Income Taxes

The Company's provision for income taxes for the three and six months ended June 30, 2019 and 2018, respectively, is based on the estimated annual effective tax rate, plus or minus discrete items. The following table presents the provision for income taxes and the effective tax rates for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Income before provision for income taxes	\$ 45,895	\$ 42,617	\$ 91,747	\$ 79,771
Provision for income taxes	\$ 9,784	\$ 10,172	\$ 20,371	\$ 18,128
Effective tax rate	21.3%	23.9%	22.2%	22.7%

The primary differences between the Company's effective tax rates for the three and six months ended June 30, 2019 and 2018 are due to a decrease in the amount of Global Intangible Low-Taxed Income ("GILTI") tax incurred, a decrease in the state taxes incurred, and a partially offsetting increase in 2019 pre-tax income in jurisdictions with high tax rates.

The Company recognizes interest and penalties, if any, related to uncertain income tax positions in income tax expense. Accrued interest and penalties on unrecognized tax benefits and interest and penalty expense was immaterial to the consolidated financial statements for all periods presented. The unrecognized tax benefits have not materially changed for the six months ended June 30, 2019.

The Company files income tax returns in the U.S., for federal, state, and local purposes, and in certain foreign jurisdictions. The Company's tax years 2015 through 2018 remain open to examination by most taxing authorities. During 2017, the U.S. Internal Revenue Service completed its audit of the Company's 2014 U.S. income tax return.

Note K – Equity-Based Compensation

In February 2019, the Company's Board of Directors approved the Steven Madden, Ltd. 2019 Incentive Compensation Plan (the "2019 Plan"), under which nonqualified stock options, stock appreciation rights, performance shares, restricted stock, other stock-based awards and performance-based cash awards may be granted to employees, consultants and non-employee directors. The 2019 Plan is the successor to the Company's Amended and Restated 2006 Stock Incentive Plan, as amended (the "2006 Plan"), the term of which expired on April 6, 2019. The Company's stockholders approved the 2019 Plan at the Company's annual meeting of stockholders held on May 24, 2019.

The following table summarizes the number of shares of common stock authorized for use under the 2019 Plan, the number of stock-based awards granted (net of expired or cancelled awards) under the 2019 Plan and the number of shares of common stock available for the grant of stock-based awards under the 2019 Plan:

Common stock authorized	11,000,000
Stock-based awards, including restricted stock and stock options granted, net of expired or cancelled	(212,425)
Common stock available for grant of stock-based awards as of June 30, 2019	10,787,575

Notes to Condensed Consolidated Financial Statements – Unaudited

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(\$ in thousands except share and per share data)

Total equity-based compensation for the three and six months ended June 30, 2019 and 2018 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Restricted stock	\$ 4,938	\$ 4,212	\$ 9,555	\$ 8,138
Stock options	999	1,130	2,053	2,097
Total	\$ 5,937	\$ 5,342	\$ 11,608	\$ 10,235

Equity-based compensation is included in operating expenses on the Company's Condensed Consolidated Statements of Income.

Stock Options

Cash proceeds and intrinsic values related to total stock options exercised during the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Proceeds from stock options exercised	\$ 1,077	\$ 9,596	\$ 1,799	\$ 11,115
Intrinsic value of stock options exercised	\$ 513	\$ 4,902	\$ 842	\$ 5,479

During the three and six months ended June 30, 2019, options to purchase approximately 77,075 shares of common stock with a weighted average exercise price of \$33.77 and options to purchase approximately 480,762 shares of common stock with a weighted average exercise price of \$27.68 vested, respectively. During the three and six months ended June 30, 2018, options to purchase approximately 79,901 shares of common stock with a weighted average exercise price of \$25.94 and options to purchase approximately 566,429 shares of common stock with a weighted average exercise price of \$24.62 vested, respectively. As of June 30, 2019, there were unvested options relating to 1,203,775 shares of common stock outstanding with a total of \$6,088 of unrecognized compensation cost and an average vesting period of 2.4.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted, which requires several assumptions. The expected term of the options represents the estimated period of time until exercise and is based on the historical experience of similar awards. Expected volatility is based on the historical volatility of the Company's common stock. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The dividend yield is based on the Company's annualized dividend per share amount divided by the Company's stock price. The following weighted average assumptions were used for stock options granted during the six months ended June 30, 2019 and 2018:

	2019	2018
Volatility	32.0% to 33.4%	25.1% to 27.2%
Risk free interest rate	2.3% to 2.5%	2.1% to 2.7%
Expected life in years	3.0 to 5.0	3.0 to 5.0
Dividend yield	1.7%	1.7%
Weighted average fair value	\$8.31	\$6.45

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June 30, 2019

(\$ in thousands except share and per share data)

Activity relating to stock options granted under the Company's plans and outside the plans during the six months ended June 30, 2019 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2019	2,815,000	\$ 26.03		
Granted	34,000	32.46		
Exercised	(80,000)	22.53		
Outstanding at June 30, 2019	2,769,000	\$ 26.21	4.3 years	\$ 21,435
Exercisable at June 30, 2019	1,565,000	\$ 26.15	3.7 years	\$ 12,211

Restricted Stock

The following table summarizes restricted stock activity during the six months ended June 30, 2019 and 2018:

	2019		2018	
	Number of Shares	Weighted Average Fair Value at Grant Date	Number of Shares	Weighted Average Fair Value at Grant Date
Outstanding at January 1,	5,135,000	\$ 18.42	5,874,000	\$ 17.37
Granted	625,000	32.56	330,000	30.84
Vested	(281,000)	26.03	(272,000)	23.56
Forfeited	(15,000)	26.86	(14,000)	25.09
Outstanding at June 30,	5,464,000	\$ 19.60	5,918,000	\$ 17.81

As of June 30, 2019, the Company had \$64,058 of total unrecognized compensation cost related to restricted stock awards granted under the 2019 Plan and the 2006 Plan. This cost is expected to be recognized over a weighted average of 4.3 years. The Company determines the fair value of its restricted stock awards based on the market price of its common stock on the date of grant.

On March 25, 2019, pursuant to an amendment of the employment agreement between the Company and its Creative and Design Chief, Steven Madden, which effected the extension of the term of the agreement for three years through December 31, 2026, Mr. Madden was granted 200,000 restricted shares of the Company's common stock. The restricted stock award will vest in three nearly equal annual installments commencing on December 31, 2024. As of June 30, 2019, Mr. Madden has options unexercised for 675,000 shares of the Company's common stock and 4,134,238 restricted shares of the Company's common stock.

Note L – Goodwill and Intangible Assets

The following is a summary of the carrying amount of goodwill by segment as of June 30, 2019:

	Wholesale			Net Carrying Amount
	Footwear	Accessories	Retail	
Balance at January 1, 2019	\$ 84,551	\$ 49,324	\$ 14,237	\$ 148,112
Translation and other	287	—	167	454
Balance at June 30, 2019	\$ 84,838	\$ 49,324	\$ 14,404	\$ 148,566

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(\$ in thousands except share and per share data)

The following table details identifiable intangible assets as of June 30, 2019:

	Estimated Lives	Cost Basis	Accumulated Amortization (1)	Impairment (2) (3)	Net Carrying Amount
Trade names	6–10 years	\$ 9,220	\$ 8,168	\$ —	\$ 1,052
Customer relationships	10 years	47,019	29,508	—	17,511
License agreements	3–6 years	5,600	5,600	—	—
Non-compete agreement	5 years	2,440	2,440	—	—
Re-acquired right	2 years	4,200	4,200	—	—
Other	3 years	14	14	—	—
		68,493	49,930	—	18,563
Re-acquired right	indefinite	35,200	8,438	—	26,762
Trademarks	indefinite	100,333	—	8,095	92,238
		\$ 204,026	\$ 58,368	\$ 8,095	\$ 137,563

(1) Includes the effect of foreign currency translation related primarily to the movements of the Canadian dollar and Mexican peso in relation to the U.S. dollar. Includes acceleration of accumulated amortization of the trade names of \$1,132, related to the termination of the Kate Spade license agreement which will occur by the end of the current fiscal year.

(2) An impairment charge of \$3,045 was recorded in the first quarter of 2015, and a final impairment charge of \$1,000 was recorded in the fourth quarter of 2017 related to the Company's Wild Pair trademark. The impairment was triggered by a loss of future anticipated cash flows from a significant customer.

(3) An impairment charge of \$4,050 was recorded in the second quarter of 2019 related to the Company's Brian Atwood trademark. The impairment was triggered by the Company's decision to discontinue distribution of the brand as the Company explores alternatives.

The amortization of intangible assets amounted to \$1,333 and \$2,667 for the three and six months ended June 30, 2019, respectively, compared to \$1,327 and \$2,631 for the three and six months ended June 30, 2018 and is included in operating expenses in the Company's Condensed Consolidated Statements of Income. The estimated future amortization expense of purchased intangibles as of June 30, 2019 is as follows:

2019 (remaining six months)	\$ 2,172
2020	2,606
2021	1,933
2022	1,502
2023	1,502
Thereafter	8,848
	\$ 18,563

Notes to Condensed Consolidated Financial Statements – Unaudited**June 30, 2019****(\$ in thousands except share and per share data)****Note M – Derivative Instruments**

The Company uses derivative instruments, specifically, forward foreign exchange contracts, to manage the risk associated with the volatility of future cash flows. The foreign exchange contracts are used to mitigate the impact of exchange rate fluctuations on certain forecasted purchases of inventory and are designated as cash flow hedging instruments. As of June 30, 2019, the fair value of the Company's foreign currency derivatives, which is included on the Condensed Consolidated Balance Sheets in other liabilities, is \$139. As of June 30, 2019, \$98 of losses related to cash flow hedges are recorded in accumulated other comprehensive loss, before tax, and are expected to be recognized in earnings at the same time the hedged items affect earnings. As of June 30, 2018, \$759 of gains related to cash flow hedges were recorded in accumulated other comprehensive income, before tax. As of June 30, 2019, the Company's hedging activities was considered effective and, thus, no ineffectiveness from hedging activities were recognized in the Condensed Consolidated Statements of Income. For the three and six months ended June 30, 2019, losses of \$8 and \$8 were reclassified from accumulated other comprehensive income and recognized in the income statement in cost of sales, as compared to losses of \$29 and \$26 for the three and six months ended June 30, 2018.

Note N – Commitments, Contingencies and Other**Future Minimum Royalty and Advertising Payments:**

The Company has minimum commitments related to the Company's license agreements. The Company sources, distributes, advertises and sells pursuant to its exclusive license agreements with unaffiliated licensors. Royalty amounts under the license agreements are generally based on a stipulated percentage of sales, although most of these agreements contain provisions for the payment of minimum annual royalty amounts. The license agreements have various terms and some have additional renewal options, provided that minimum sales levels are achieved. As of June 30, 2019 the Company had future minimum royalty and advertising payments of \$34,150.

Legal Proceedings:

The Company has been named as a defendant in certain lawsuits in the normal course of business. In the opinion of management, after consulting with legal counsel, the liabilities, if any, resulting from these matters should not have a material effect on the Company's financial position or results of operations. It is the policy of management to disclose the amount or range of reasonably possible losses in excess of recorded amounts or cash flows.

Note O – Operating Segment Information

The Company operates the following business segments: Wholesale Footwear, Wholesale Accessories, Retail, First Cost and Licensing. The Wholesale Footwear segment, through sales to department stores, mid-tier retailers, mass market merchants, online retailers and specialty stores, derives revenue, both domestically and internationally (via our International business), from sales of branded and private label women's, men's, girls' and children's footwear. The Wholesale Accessories segment, which includes branded and private label handbags, belts and small leather goods as well as cold weather and selected other fashion accessories, derives revenue, both domestically and internationally, from sales to department stores, mid-tier retailers, mass market merchants, online retailers and specialty stores. Our Wholesale Footwear and Wholesale Accessories segments, through our International business, derive revenue from certain territories within Asia, Europe, North America (excluding the United States) and Africa and, under special distribution arrangements, in various other territories within Australia, the Middle East, India, South and Central America and New Zealand and pursuant to a partnership agreement in Singapore. The Retail segment, through the operation of Company-owned retail stores in the United States, Canada and Mexico, our joint ventures in South Africa, China, Taiwan and Israel and the Company's websites, derives revenue from sales of branded women's, men's and children's footwear, accessories and licensed products to consumers. The First Cost segment represents activities of a subsidiary that earns commissions and design fees for serving as a buying agent of footwear products to mass-market merchandisers, mid-tier department stores and other retailers with respect to their purchase of footwear. In the Licensing segment, the Company generates revenue by licensing its Steve Madden®, Steven by Steve Madden® and Madden Girl® trademarks and other trademark rights for use in connection with the manufacture, marketing and sale of eyewear, outerwear, hosiery, activewear, sleepwear, jewelry, watches, hair accessories, umbrellas, bedding, luggage, fragrance and men's leather accessories. In addition, this segment licenses the Betsey Johnson® trademark for use in connection with the manufacture, marketing and sale of women's and children's apparel, hosiery, outerwear,

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sleepwear, activewear, jewelry, watches, bedding, luggage, umbrellas and household goods. The Licensing segment also licenses the Dolce Vita® trademark for use in connection with the manufacture, marketing and sale of swimwear.

As of and for the three months ended,	Wholesale Footwear	Wholesale Accessories	Total Wholesale	Retail	First Cost	Licensing	Consolidated
June 30, 2019							
Net sales to external customers	\$ 286,237	\$ 77,265	\$ 363,502	\$ 81,472	\$ —	\$ —	\$ 444,974
Gross profit	94,657	22,012	116,669	48,676	—	—	165,345
Commissions and licensing fees – net	—	—	—	—	951	2,196	3,147
Income/(loss) from operations	38,429	4,750	43,179	(1,693)	951	2,196	44,633
Segment assets	\$ 911,077	\$ 101,041	1,012,118	253,025	8,721	7,696	1,281,560
Capital expenditures			\$ 1,273	\$ 1,542	\$ —	\$ —	\$ 2,815
June 30, 2018							
Net sales to external customers	\$ 252,134	\$ 69,271	\$ 321,405	\$ 74,348	\$ —	\$ —	\$ 395,753
Gross profit	78,956	22,045	101,001	46,773	—	—	147,774
Commissions and licensing fees – net	—	—	—	—	623	1,621	2,244
Income from operations	28,916	6,517	35,433	3,907	623	1,621	41,584
Segment assets	\$ 769,028	\$ 179,716	948,744	120,352	18,546	—	1,087,642
Capital expenditures			\$ 1,247	\$ 1,058	\$ —	\$ —	\$ 2,305
As of and for the six months ended,							
	Wholesale Footwear	Wholesale Accessories	Total Wholesale	Retail	First Cost	Licensing	Consolidated
June 30, 2019							
Net sales to external customers	\$ 562,825	\$ 148,772	\$ 711,597	\$ 144,317	\$ —	\$ —	\$ 855,914
Gross profit	192,978	43,928	236,906	85,436	—	—	322,342
Commissions and licensing fees – net	—	—	—	—	535	3,839	4,374
Income/(loss) from operations	86,701	9,617	96,318	(11,399)	535	3,839	89,293
Segment assets	\$ 911,077	\$ 101,041	1,012,118	253,025	8,721	7,696	1,281,560
Capital expenditures			\$ 2,965	\$ 3,249	\$ —	\$ —	\$ 6,214
June 30, 2018							
Net sales to external customers	\$ 527,190	\$ 125,370	\$ 652,560	\$ 132,207	\$ —	\$ —	\$ 784,767
Gross profit	169,244	39,660	208,904	79,603	—	—	288,507
Commissions and licensing fees – net	—	—	—	—	1,491	4,412	5,903
Income/(loss) from operations	67,293	8,926	76,219	(3,981)	1,491	4,412	78,141
Segment assets	\$ 769,028	\$ 179,716	948,744	120,352	18,546	—	1,087,642
Capital expenditures			\$ 2,772	\$ 2,479	\$ —	\$ —	\$ 5,251

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June 30, 2019

(\$ in thousands except share and per share data)

Revenues by geographic area for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Domestic (a)	\$ 399,309	\$ 356,271	\$ 763,624	\$ 697,866
International	45,665	39,482	92,290	86,901
Total	\$ 444,974	\$ 395,753	\$ 855,914	\$ 784,767

(a) Includes revenues of \$99,284 and \$174,106 for the three and six months ended June 30, 2019, respectively, and \$93,655 and \$190,688 for the comparable periods in 2018 related to sales to U.S. customers where the title is transferred outside the U.S. and the sale is recorded by our international business.

Note P – Recent Accounting Pronouncements*Recently Adopted*

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02 ("ASU 2016-02"), "Leases," as amended, which is effective January 1, 2019. Under ASU 2016-02, lessees will be required to recognize for all leases with terms longer than twelve months, at the commencement date of the lease, a lease liability, which is a lessee's obligation to make lease payments arising from a lease measured on a discounted basis, and a right-to-use asset, which is an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. The Company adopted the new standard on the effective date January 1, 2019. A modified retrospective transition approach was used, applying the new standard to all leases existing at the date of initial application. The Company applied ASC-840, including disclosure requirements, in the comparative periods in the year the Company adopted the new guidance. (See Note G - Leases)

In February 2018, the FASB issued Accounting Standards Update No. 2018-02 ("ASU 2018-02"), "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which allows for stranded tax effects in accumulated other comprehensive income resulting from the U.S. Tax Cuts and Jobs Act to be reclassified to retained earnings. ASU 2018-02 is effective January 1, 2019 and did not have any significant impact on the Company's financial position or results of operations.

Not Yet Adopted

In August 2018, the FASB issued Accounting Standards Update No. 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract." This new guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This new guidance is effective for the Company on a prospective or retrospective basis beginning on January 1, 2020, with early adoption permitted. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." This new guidance removes certain disclosure requirements related to the fair value hierarchy, modifies existing disclosure requirements related to measurement uncertainty and adds new disclosure requirements. The new disclosure requirements include disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This new guidance is effective for the Company beginning on January 1, 2020, with early adoption permitted. Certain disclosures in the new guidance will need to be applied on a retrospective basis and others on a prospective basis. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company's consolidated financial statements.

Notes to Condensed Consolidated Financial Statements – Unaudited**June 30, 2019****(\$ in thousands except share and per share data)**

In June 2016, the FASB issued Accounting Standards Update 2016-13 ("ASU 2016-13"), "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures.

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

The following discussion of our financial condition and results of operations for the three and six month periods ended June 30, 2019 should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

All references in this Quarterly Report to "we," "our," "us" and the "Company," refer to Steven Madden, Ltd. and its subsidiaries unless the context indicates otherwise.

This Quarterly Report contains certain "forward-looking statements" as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally, forward-looking statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may", "will", "expect", "believe", "anticipate", "project", "plan", "intend", "estimate", and "continue", and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, that may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in this Quarterly Report or our Annual Report on Form 10-K for the year ended December 31, 2018. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Overview:**(\$ in thousands, except earnings per share and per share data)**

Steven Madden, Ltd. and its subsidiaries design, source, market and sell fashion-forward branded and private label footwear for women, men and children. In addition, we design, source, market and sell brand and private label fashion handbags and accessories. We market and sell our products through better department stores, major department stores, mid-tier department stores, specialty stores, luxury retailers, value priced retailers, national chains, mass merchants, online retailers, and catalog retailers throughout the United States, Canada, Mexico, certain European nations and Tunisia. In addition, our products are marketed through our retail stores and our e-commerce websites within the United States, Canada and Mexico, our joint ventures in South Africa, China, Taiwan and Israel, and under special distribution arrangements in Asia, certain European nations, Australia, India, the Middle East, South and Central America and New Zealand and pursuant to a partnership agreement in Singapore. Our product line includes a broad range of contemporary styles designed to establish or capitalize on market trends, complemented by core product offerings. We have established a reputation for design creativity and our ability to offer quality products in popular styles at accessible price points, delivered in an efficient manner and time frame.

On September 11, 2018, the Company's Board of Directors declared a three-for-two stock split of the Company's outstanding shares of common stock, effected in the form of a stock dividend on the Company's outstanding common stock. Stockholders of record at the close of business on October 1, 2018 received one additional share of Steven Madden, Ltd. common stock for every two shares of common stock owned on that date. Stockholders received cash in lieu of any fractional shares of common stock they otherwise would have received in connection with the dividend. The additional shares were distributed to the

Company's stockholders on October 11, 2018. All share and per share data provided herein gives effect to this stock split, applied retroactively.

Key Performance Indicators and Statistics

The following measurements are among the key business indicators reviewed by various members of management to measure consolidated and segment results of the Company:

- net sales
- gross profit margin
- operating expenses
- income from operations
- adjusted EBITDA
- adjusted EBIT
- inventory turnover
- accounts receivable average collection days
- cash flow and liquidity determined by the Company's working capital and free cash flow
- store metrics, such as same store sales, sales per square foot, average unit retail, conversion, average units per transaction, and contribution margin.

While not all of these metrics are disclosed due to the proprietary nature of the information, many of these metrics are disclosed and discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Non-GAAP Financial Measures

The Company's reported results are presented in accordance with generally accepted accounting principles in the United States ("GAAP"). The Company uses adjusted earnings before interest and taxes ("Adjusted EBIT") and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), as calculated in the table below, as non-GAAP measures, in internal management reporting and planning processes as well as in evaluating the performance of the Company. Management believes these measures are useful to investors in evaluating the Company's ongoing operating and financial results. By providing these non-GAAP measures, as a supplement to GAAP information, we believe we are enhancing investors' understanding of our business and our results of operations. The non-GAAP financial measures are limited in their usefulness and should be considered in addition to, and not in lieu of, U.S. GAAP financial measures. Further, these non-GAAP measures may be unique to the Company, as they may be different from non-GAAP measures used by other companies.

The table below reconciles these metrics to net income as presented in the Condensed Consolidated Statements of Income for the three and six months ended June 30, 2019 and 2018:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net Income	\$ 36,111	\$ 32,445	\$ 71,376	\$ 61,643
Add back:				
Provision for income taxes	9,784	10,172	20,371	18,128
Provision for legal charges	—	—	—	2,837
Provision for early lease termination charges	1,543	1,241	2,292	1,241
(Recovery) and provisions for bad debt expense, net of recovery related to the Payless ShoeSource bankruptcy (in First Cost segment)	(143)	—	1,409	—
Recovery related to the Payless ShoeSource bankruptcy (in Wholesale Footwear segment)	(1,668)	—	(1,668)	—
Schwartz & Benjamin acquisition integration charges and related restructuring	—	1,131	—	1,381
Net benefit in connection with the reversal of a contingent liability partially offset by the acceleration of amortization related to the termination of the Kate Spade license agreement	—	—	(1,868)	—
Impairment of the Brian Atwood trademark	4,050	—	4,050	—
Divisional headquarters relocation expenses	669	—	669	—
Deduct:				
Interest and other income – net*	1,262	1,033	2,454	1,630
Adjusted EBIT	49,084	43,956	94,177	83,600
Add back:				
Depreciation and amortization	5,325	5,385	10,545	10,727
Loss/(gain) on disposal of fixed assets	412	(143)	737	(14)
Adjusted EBITDA	\$ 54,821	\$ 49,198	\$ 105,459	\$ 94,313

(*) Includes realized (losses)/gains on marketable securities and foreign exchange (losses)/gains.

Executive Summary

Net sales for the quarter ended June 30, 2019 increased 12.4% to \$444,974 from \$395,753 in the same period of last year. Net income attributable to Steven Madden, Ltd. increased 12.8% to \$36,572 in the second quarter of 2019 compared to \$32,410 in the same period of last year. The effective tax rate for the second quarter of 2019 decreased to 21.3% compared to 23.9% in the second quarter of last year primarily due to a decrease in the amount of Global Intangible Low-Taxed Income ("GILTI") tax incurred, a decrease in the state taxes incurred and a partially offsetting increase in 2019 pre-tax income in jurisdictions with high tax rates. Diluted earnings per share increased to \$0.44 per share on 83,869 diluted weighted average shares outstanding compared to \$0.38 per share on 86,258 diluted weighted average shares outstanding in the second quarter of last year.

Our inventory turnover (calculated on a trailing twelve-month average) for the quarters ended June 30, 2019 and 2018 was 7.9 times and 8.6 times, respectively. Our total company accounts receivable average collection decreased to 65 days in the second quarter of 2019 compared to 68 days in the second quarter of 2018 primarily due to the results of improved collection efforts with respect to the accounts of certain major customers. As of June 30, 2019, we had \$248,760 in cash, cash equivalents and marketable securities, no long-term debt and total stockholders' equity of \$827,556. Working capital decreased to \$458,584 as of June 30, 2019, compared to \$480,603 on June 30, 2018. The decrease in working capital was primarily the result of the addition of current operating lease liabilities of \$38,652 in accordance with the Company's adoption of ASU 2016-02, "Leases".

The following tables set forth information on operations for the periods indicated:

Selected Financial Information
Three Months Ended June 30,
(\$ in thousands)

	2019		2018	
<u>CONSOLIDATED:</u>				
Net sales	\$ 444,974	100.0 %	\$ 395,753	100.0%
Cost of sales	279,629	62.8 %	247,979	62.7%
Gross profit	165,345	37.2 %	147,774	37.3%
Commission and licensing fee income – net of expenses	3,147	0.7 %	2,244	0.6%
Operating expenses	119,809	26.9 %	108,434	27.4%
Impairment charges	4,050	0.9 %	—	—%
Income from operations	44,633	10.0 %	41,584	10.5%
Interest and other income – net	1,262	0.3 %	1,033	0.3%
Income before income taxes	45,895	10.3 %	42,617	10.8%
Net income attributable to Steven Madden, Ltd.	\$ 36,572	8.2 %	\$ 32,410	8.2%
By Segment:				
<u>WHOLESALE FOOTWEAR SEGMENT:</u>				
Net sales	\$ 286,237	100.0 %	\$ 252,134	100.0%
Cost of sales	191,580	66.9 %	173,178	68.7%
Gross profit	94,657	33.1 %	78,956	31.3%
Operating expenses	52,178	18.2 %	50,040	19.8%
Impairment charges	4,050	1.4 %	—	—%
Income from operations	\$ 38,429	13.4 %	\$ 28,916	11.5%
<u>WHOLESALE ACCESSORIES SEGMENT:</u>				
Net sales	\$ 77,265	100.0 %	\$ 69,271	100.0%
Cost of sales	55,253	71.5 %	47,226	68.2%
Gross profit	22,012	28.5 %	22,045	31.8%
Operating expenses	17,262	22.3 %	15,528	22.4%
Income from operations	\$ 4,750	6.1 %	\$ 6,517	9.4%
<u>RETAIL SEGMENT:</u>				
Net sales	\$ 81,472	100.0 %	\$ 74,348	100.0%
Cost of sales	32,796	40.3 %	27,575	37.1%
Gross profit	48,676	59.7 %	46,773	62.9%
Operating expenses	50,369	61.8 %	42,866	57.7%
(Loss)/income from operations	\$ (1,693)	(2.1)%	\$ 3,907	5.3%
Number of stores	224		208	
<u>FIRST COST SEGMENT:</u>				
Other commission income – net of expenses	\$ 951	100.0 %	\$ 623	100.0%
<u>LICENSING SEGMENT:</u>				
Licensing income – net of expenses	\$ 2,196	100.0 %	\$ 1,621	100.0%

Selected Financial Information
Six Months Ended June 30,
(\$ in thousands)

	2019		2018	
<u>CONSOLIDATED:</u>				
Net sales	\$ 855,914	100.0 %	\$ 784,767	100.0 %
Cost of sales	533,572	62.3 %	496,260	63.2 %
Gross profit	322,342	37.7 %	288,507	36.8 %
Commission and licensing fee income – net of expenses	4,374	0.5 %	5,903	0.8 %
Operating expenses	233,373	27.3 %	216,269	27.6 %
Impairment charges	4,050	0.5 %	—	— %
Income from operations	89,293	10.4 %	78,141	10.0 %
Interest and other income – net	2,454	0.3 %	1,630	0.2 %
Income before income taxes	91,747	10.7 %	79,771	10.2 %
Net income attributable to Steven Madden, Ltd.	\$ 71,097	8.3 %	\$ 61,083	7.8 %
By Segment:				
<u>WHOLESALE FOOTWEAR SEGMENT:</u>				
Net sales	\$ 562,825	100.0 %	\$ 527,190	100.0 %
Cost of sales	369,847	65.7 %	357,946	67.9 %
Gross profit	192,978	34.3 %	169,244	32.1 %
Operating expenses	102,227	18.2 %	101,951	19.3 %
Impairment charges	4,050	0.7 %	—	— %
Income from operations	\$ 86,701	15.4 %	\$ 67,293	12.8 %
<u>WHOLESALE ACCESSORIES SEGMENT:</u>				
Net sales	\$ 148,772	100.0 %	\$ 125,370	100.0 %
Cost of sales	104,844	70.5 %	85,710	68.4 %
Gross profit	43,928	29.5 %	39,660	31.6 %
Operating expenses	34,311	23.1 %	30,734	24.5 %
Income from operations	\$ 9,617	6.5 %	\$ 8,926	7.1 %
<u>RETAIL SEGMENT:</u>				
Net sales	\$ 144,317	100.0 %	\$ 132,207	100.0 %
Cost of sales	58,881	40.8 %	52,604	39.8 %
Gross profit	85,436	59.2 %	79,603	60.2 %
Operating expenses	96,835	67.1 %	83,584	63.2 %
(Loss) from operations	\$ (11,399)	(7.9)%	\$ (3,981)	(3.0)%
Number of stores	224		208	
<u>FIRST COST SEGMENT:</u>				
Other commission income – net of expenses	\$ 535	100.0 %	\$ 1,491	100.0 %
<u>LICENSING SEGMENT:</u>				
Licensing income – net of expenses	\$ 3,839	100.0 %	\$ 4,412	100.0 %

In February 2018, the Board of Directors of the Company approved the initiation of the Company's quarterly cash dividend. The quarterly cash dividend of \$0.14 per share on the Company's outstanding shares of common stock was approved on April 24, 2019 and paid on June 28, 2019, to stockholders of record as of the close of business on June 18, 2019. The aggregate cash dividends

paid for the quarter ended June 30, 2019 was \$11,945. The aggregate cash dividends paid for the six months ended June 30, 2019 was \$23,987.

In July 2019, the Board of Directors of the Company declared an additional quarterly cash dividend of \$0.14 per share on the Company's outstanding shares of common stock. The dividend will be paid on September 27, 2019 to stockholders of record as of the close of business on September 17, 2019.

RESULTS OF OPERATIONS

(\$ in thousands)

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Consolidated:

Net sales for the three months ended June 30, 2019 increased 12.4% to \$444,974 compared to \$395,753 in the same period of last year, with growth in the Wholesale Footwear, Wholesale Accessories and Retail segments. Gross margin slightly decreased to 37.2% from 37.3% in the prior year period. The decrease of 10 basis points in gross margin in the current period was driven by decreases in gross margin primarily in our Wholesale Accessories and Retail segments. Operating expenses increased in the second quarter of this year to \$119,809 from \$108,434 in the second quarter of last year. In the second quarter of 2019 and 2018 operating expenses included net charges of \$544 and \$2,372, respectively. (See "Non-GAAP Financial Measures" above for a description of the net benefit and charges.) Excluding these items, operating expenses as a percentage of sales were 26.8% for the second quarter of 2019 compared to 26.8% in the second quarter of 2018. Excluding these items, the increase in operating expenses primarily comprised of (i) higher payroll and related expenses, (ii) higher warehouse and distribution expenses, (iii) higher advertising and promotions, and (iv) higher legal charges. Commission and licensing fee income for the second quarter of 2019 increased to \$3,147 compared to \$2,244 in the second quarter of 2018. The second quarter 2019 Commission and licensing fee income included a \$143 recovery associated with the Payless ShoeSource bankruptcy. (See "Non-GAAP Financial Measures" above.) The effective tax rate for the second quarter of 2019 decreased to 21.3% compared to 23.9% in the second quarter of last year. The decrease in effective tax rate is primarily due to a decrease in the amount of GILTI tax incurred, a decrease in the state taxes incurred and a partially offsetting increase in 2019 pre-tax income in jurisdictions with high tax rates. Net income attributable to Steven Madden, Ltd. for the second quarter of 2019 increased to \$36,572 compared to net income for the second quarter of 2018 of \$32,410. Net income attributable to Steven Madden, Ltd. for the second quarter of 2019 increased to \$39,536 (excluding (i) \$1,727 after-tax benefit, net of bad debt expense associated with the Payless ShoeSource bankruptcy, (ii) \$1,156 after-tax expense in connection with a provision for early lease termination charges, (iii) \$501 after-tax expense associated with a divisional headquarters relocation, and (iv) \$3,033 after-tax impact of an impairment of the Brian Atwood trademark), as compared to \$35,185 (excluding (i) \$1,028 tax expense related to an impairment to the preferred interest investment in Brian Atwood Italia Holding, LLC, (ii) \$833 after-tax expense in connection with the integration of the Schwartz & Benjamin acquisition and the related restructuring, and (iii) \$914 after-tax impact of an expense associated with a warehouse consolidation) for the same period last year.

Wholesale Footwear Segment:

Net sales from the Wholesale Footwear segment accounted for \$286,237, or 64.3%, and \$252,134, or 63.7%, of our total net sales for the second quarter of 2019 and 2018, respectively. The increase in net sales in the current period is primarily related to strong growth in the Steve Madden brand, the addition of the Anne Klein brand, and an increase in the private label business which was mostly offset by no sales to Payless ShoeSource in the current period. Gross margin in the Wholesale Footwear segment was 33.1% for the second quarter of 2019 compared to 31.3% for the second quarter of 2018. Gross margin increased 1.8% primarily resulting from the elimination of sales to the low-margin Payless ShoeSource customer, as well as the strong growth in the Steve Madden brand. Operating expenses increased to \$52,178 in the second quarter of 2019 from \$50,040 in the same period of last year. In the second quarter of 2019, operating expenses included a net benefit of \$999, which was comprised of a recovery of \$1,668 related to the Payless ShoeSource bankruptcy, partially offset by divisional headquarters relocation expenses of \$669. Also recorded in the Wholesale Footwear segment was a \$4,050 impairment charge for the Brian Atwood trademark impacting operating income. The impairment was triggered by the Company's decision to discontinue distribution of the brand as the Company explores alternatives. In the second quarter of 2018, operating expenses included a charge of \$1,131 related to the integration of the Schwartz & Benjamin acquisition and related restructuring. Excluding these items, operating expenses for the second quarter of 2019 increased, however, as a percentage of sales decreased to 18.6% in the second quarter of 2019 compared to 19.4% in the same period of 2018. The increase in operating expenses primarily resulted from higher warehouse and distribution expenses and higher payroll and related expenses associated with higher sales and the addition of the Anne Klein footwear business. Income from

operations increased to \$38,429 in the second quarter of 2019, compared to \$28,916 for the comparable period in 2018. Income from operations, excluding the items mentioned above, increased to \$41,479 in the second quarter of 2019 compared to \$30,047 for the same period last year.

Wholesale Accessories Segment:

Net sales generated by the Wholesale Accessories segment accounted for \$77,265, or 17.4%, and \$69,271, or 17.5%, of total net sales for the Company in the second quarter of 2019 and 2018, respectively. The increase in net sales was primarily due to growth in our private label and Steve Madden branded handbags, as well as the addition of Anne Klein handbags. Gross margin in the Wholesale Accessories segment decreased to 28.5% in the second quarter of this year from 31.8% in the same period in 2018. Gross margin decreased 3.3%, resulting from tariffs imposed on accessories and an increase in low-margin private label sales, as well as the addition of Anne Klein handbags when compared to 2018. In the second quarter of 2019, operating expenses increased to \$17,262 compared to \$15,528 in the same period of last year. In the second quarter of 2018, operating expenses included a charge of \$1,241 related to a warehouse consolidation. Excluding this item, operating expenses as a percentage of sales increased to 22.3% in the second quarter of 2019 compared to 20.6% in the same period of 2018. The increase in operating expenses in the second quarter of 2019 primarily resulted from higher warehouse and distribution expenses, and higher payroll related expenses associated with the increase in sales, as well as the addition of Anne Klein handbags. Income from operations for the Wholesale Accessories segment for the second quarter of 2019 was \$4,750 compared to \$6,517 for the same period of 2018. Income from operations, excluding the items mentioned above, decreased to \$4,750 in the second quarter of 2019 compared to \$7,758 for the same period last year.

Retail Segment:

In the second quarter of 2019, net sales from the Retail segment accounted for \$81,472, or 18.3%, of our total net sales compared to \$74,348, or 18.8%, of our total net sales in the same period last year, which represents a \$7,124, or 9.6%, increase. The increase in net sales is primarily due to the net addition of 16 stores from the prior year period and a 6.2% increase in comparable stores sales gain. We added 30 stores, which included additional stores from the addition of our joint venture in Israel and closed 14 stores during the twelve months ended June 30, 2019. As a result, we had 224 retail stores as of June 30, 2019 compared to 208 stores as of June 30, 2018. The 224 stores currently in operation include 149 Steve Madden® stores, 66 Steve Madden® outlet stores, 2 Steven® stores, 1 Superga® store and 6 e-commerce websites. In addition, the Company operated 31 concessions in our international markets. Comparable store sales (sales of those stores, including the e-commerce websites, that were open throughout the second quarter of 2019 and 2018) increased 6.2% when compared to the prior year period. The Company excludes new locations from the comparable store base for the first twelve months of operations. Stores that are closed for renovations are removed from the comparable store base. In the second quarter of 2019, gross margin decreased to 59.7% from 62.9% in the same period of 2018 primarily due to inventory liquidation and markdowns in connection with the wind-down of the Company's joint venture relationship in China as well as aggressive liquidation of slow-moving inventory in the Company's North American retail operations. In the second quarter of 2019, operating expenses increased to \$50,369, or 61.8% of net sales, compared to \$42,866, or 57.7% of net sales, in the second quarter of last year, primarily due to growth in the Company's e-commerce business and the operation of additional stores. In addition, in the current period, operating expenses included a charge of \$1,543 related to early lease terminations. Loss from operations for the Retail segment was \$1,693 in the second quarter of this year compared to income from operations of \$3,907 in the same period of last year. Loss from operations, excluding the items mentioned above, was \$150 in the current period of 2019, compared to income from operations of \$3,907 in the same period last year.

First Cost Segment:

Income from the First Cost segment, which includes net commission income and fees, increased to \$951 for the second quarter of 2019 compared to \$623 for the comparable period of 2018. Included in the First Cost segment was a recovery of \$143 related to the Payless ShoeSource bankruptcy.

Licensing Segment:

Net licensing income increased to \$2,196 for the second quarter of 2019 compared to \$1,621 for the comparable period of 2018 primarily due to an increase in royalties in connection with the licensing of our Betsey Johnson® trademark.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Consolidated:

Net sales for the six months ended June 30, 2019 increased 9.1% to \$855,914 compared to \$784,767 in the same period of last year, with growth in the Wholesale Accessories, Retail and Wholesale Footwear segments. Gross margin increased to 37.7% from 36.8% in the prior year period. The increase of 90 basis points in gross margin in the current period was driven by gross margin improvements primarily in our Wholesale Footwear segment. Operating expenses increased in the six months ended June 30, 2019 to \$233,373 from \$216,269 in the comparable period of 2018. In the first six months of 2019 and 2018 operating expenses included a net benefit of \$575 and charges of \$5,459, respectively. (See "Non-GAAP Financial Measures" above for a description of the net benefit and charges.) Excluding these items, operating expenses as a percentage of sales increased to 27.3% for the first six months of 2019 compared to 26.9% in the first six months of 2018. Excluding these items, the increase in operating expenses was primarily comprised of (i) higher warehouse and distribution expenses, (ii) higher payroll and related expenses, (iii) higher advertising and promotions, and (iv) higher legal charges consisting of costs and estimated settlement amounts. Commission and licensing fee income for the six months ended June 30, 2019 decreased to \$4,374 compared to \$5,903 in the comparable period of 2018, resulting primarily from the provision for bad debt expenses, net of recovery, associated with the Payless ShoeSource bankruptcy. (See "Non-GAAP Financial Measures" above.) The effective tax rate for the first six months of 2019 decreased to 22.2% compared to 22.7% in the same period of last year. The decrease in effective tax rate is primarily due to a decrease in the amount of GILTI tax incurred, a decrease in the state taxes incurred and a partially offsetting increase in 2019 pre-tax income in jurisdictions with high tax rates. Net income attributable to Steven Madden, Ltd. for the six months ended June 30, 2019 increased to \$71,097 compared to net income for the six months ended June 30, 2018 of \$61,083. Net income attributable to Steven Madden, Ltd. for the first six months of 2019 increased to \$74,605 (excluding (i) \$344 after-tax recovery net of bad debt expense associated with the Payless ShoeSource bankruptcy, (ii) \$1,717 after-tax expense in connection with a provision for early lease termination charges, (iii) \$1,399 after-tax net benefit associated with the change in a contingent liability, partially offset by the acceleration of amortization related to the termination of the Kate Spade license agreement as of December 31, 2019, (iv) \$501 after-tax expense associated with a divisional headquarters relocation and (v) \$3,033 after-tax impact of an impairment of the Brian Atwood trademark), as compared to \$66,181 (excluding (i) \$2,135 after-tax expense in connection with a provision for legal charges, (ii) \$1,021 after-tax expense in connection with the integration of the Schwartz & Benjamin acquisition and the related restructuring, (iii) \$914 after-tax impact of expense related to a warehouse consolidation, and (iv) \$1,028 tax expense related to an impairment to the preferred interest investment in Brian Atwood Italia Holding, LLC) for the same period last year.

Wholesale Footwear Segment:

Net sales from the Wholesale Footwear segment accounted for \$562,825, or 65.8%, and \$527,190, or 67.2%, of our total net sales for the six months ended June 30, 2019 and 2018, respectively. The increase in net sales in the current period is primarily related to strong growth in the Steve Madden brand and the addition of the Anne Klein brand which were mostly offset by not recognizing sales to Payless ShoeSource in the current period. Gross margin in the Wholesale Footwear segment was 34.3% for the six months ended June 30, 2019 compared to 32.1% for the comparable period of 2018. Gross margin increased 2.2% primarily resulting from not recognizing sales to the low-margin Payless ShoeSource customer, as well as the strong growth in the Steve Madden brand. Operating expenses increased to \$102,227 in the first six months of 2019 from \$101,951 in the same period of last year. In the first six months of 2019, operating expenses included a net benefit of \$2,750, comprised of a recovery of \$1,668 related to the Payless ShoeSource bankruptcy and a net benefit of \$1,868 associated with the change of a contingent liability and the acceleration of amortization related to the termination of the Kate Spade license agreement as of December 31, 2019, partially offset by divisional headquarters relocation expenses of \$669 and a charge of \$117 related to an early lease termination. Also recorded in the Wholesale Footwear segment was a \$4,050 impairment charge for the Brian Atwood trademark impacting operating income. In the first six months of 2018, operating expenses included charges of \$2,837 in connection with provisions for legal charges and \$1,241 related to a warehouse consolidation, as well as \$1,381 related to the integration of the Schwartz & Benjamin acquisition and related restructuring. Excluding these items, operating expenses for the first half of 2019 increased, however, operating expenses as a percentage of sales decreased to 17.9% in the first six months of 2019 compared to 18.5% in the same period of 2018. The increase in operating expenses primarily resulted from higher warehouse and distribution expenses and higher payroll and related expenses associated with higher sales and the addition of the Anne Klein footwear business. Income from operations increased to \$86,701 in the six months ended June 30, 2019, compared to \$67,293 for the comparable period in 2018. Income from operations, excluding the items mentioned above, increased to \$88,001 in the first six months of 2019 compared to \$71,511 for the same period last year.

Wholesale Accessories Segment:

Net sales generated by the Wholesale Accessories segment accounted for \$148,772, or 17.4%, and \$125,370, or 16.0%, of total net sales for the Company for the six months ended June 30, 2019 and 2018, respectively. The increase in net sales was primarily

due to growth in our private label and Steve Madden branded handbags, as well as the addition of Anne Klein handbags. Gross margin in the Wholesale Accessories segment decreased to 29.5% in the first six months of this year from 31.6% in the same period of 2018. The 2.1% decrease in gross margin resulted from tariffs imposed on accessories and an increase in low-margin private label sales as well as the addition of Anne Klein handbags when compared to 2018. In the six-month period ended June 30, 2019, operating expenses increased to \$34,311 compared to \$30,734 in the same period of last year. In the six months ended June 30, 2018, operating expenses included a charge of \$1,241 related to a warehouse consolidation. Excluding this item, operating expenses in the first six months of 2019 increased, however, operating expenses as a percentage of sales decreased to 23.1% in the first six months of 2019 compared to 23.5% in the same period of 2018. The increase in operating expenses in the six months ended June 30, 2019 primarily resulted from higher warehouse and distribution expenses associated with an increase in sales. Income from operations for the Wholesale Accessories segment for the first six months of 2019 was \$9,617 compared to \$8,926 for the same period of 2018. Income from operations, excluding the item mentioned above, decreased to \$9,617 in the first six months of 2019 compared to \$10,167 for the same period last year.

Retail Segment:

In the six months ended June 30, 2019, net sales from the Retail segment accounted for \$144,317, or 16.9%, of our total net sales compared to \$132,207, or 16.8%, of our total net sales in the same period last year, which represents a \$12,110, or 9.2%, increase. The increase in net sales is primarily due to the net addition of 16 stores from the prior year period and a 6.2% increase in comparable stores sales gain. We added 30 stores, which included additional stores from the addition of our joint venture in Israel and closed 14 stores during the twelve months ended June 30, 2019. As a result, we had 224 retail stores as of June 30, 2019 compared to 208 stores as of June 30, 2018. The 224 stores currently in operation include 149 Steve Madden® stores, 66 Steve Madden® outlet stores, 2 Steven® stores, 1 Superga® store and 6 e-commerce websites. In addition, the Company operated 31 concessions in our international markets. Comparable store sales (sales of those stores, including the e-commerce websites, that were open throughout the first six months of 2019 and 2018) increased 6.2% when compared to the prior year period. The Company excludes new locations from the comparable store base for the first twelve months of operations. Stores that are closed for renovations are removed from the comparable store base. In the six months ended June 30, 2019, gross margin decreased to 59.2% from 60.2% in the same period of 2018 primarily due to inventory liquidation and markdowns in connection with the wind-down of the Company's joint venture relationship in China as well as aggressive liquidation of slow-moving inventory in the Company's North American retail operations. In the first six months of 2019, operating expenses increased to \$96,835, or 67.1% of net sales, compared to \$83,584, or 63.2% of net sales, in the comparable period of last year, primarily due to the growth in the Company's e-commerce business and the operation of additional stores. In addition, in the current period, operating expenses included a charge of \$2,175 related to early lease terminations. Loss from operations for the Retail segment was \$11,399 in the six months ended June 30, 2019 compared to \$3,981 in the same period of last year. Loss from operations, excluding the items mentioned above, resulted in a loss from operations of \$9,224 in the current period of 2019, compared to \$3,981 in the same period last year.

First Cost Segment:

Income from the First Cost segment, which includes net commission income and fees, decreased to \$535 for the six months ended June 30, 2019 compared to \$1,491 for the comparable period of 2018, primarily due to a charge of \$1,409 for provisions for bad debt, net of recovery related to the Payless ShoeSource bankruptcy.

Licensing Segment:

Net licensing income decreased to \$3,839 for the six-month period ended June 30, 2019 compared to \$4,412 for the comparable period of 2018 primarily due to a decrease in royalties in connection with the licensing of our Betsey Johnson® trademark.

LIQUIDITY AND CAPITAL RESOURCES

(\$ in thousands)

Our primary source of liquidity is cash flows generated from our operations. Our primary use of this liquidity is to fund our ongoing cash requirements, including working capital requirements, share repurchases, acquisitions, system enhancements, retail store expansion and remodeling and payment of dividends.

Cash, cash equivalents and short-term investments totaled \$248,760 and \$266,999 at June 30, 2019 and December 31, 2018, respectively. Of the total cash, cash equivalents and short-term investments at June 30, 2019, \$149,781, or approximately 60%, was held in our foreign subsidiaries and of the total cash, cash equivalents and short-term investments at December 31, 2018, \$198,110, or approximately 74%, was held in our foreign subsidiaries.

The Company has a collection agency agreement with Rosenthal & Rosenthal, Inc. (“Rosenthal”). The agreement provides us with a credit facility in the amount of \$30,000, having a sub-limit of \$15,000 on the aggregate face amount of letters of credit, at an interest rate based, at our election, upon either the prime rate or LIBOR. The agreement can be terminated by the Company or Rosenthal at any time with 60 days’ prior written notice. As of June 30, 2019 we had no borrowings against this credit facility.

As of June 30, 2019, we had working capital of \$458,584, cash and cash equivalents of \$212,664 and investments in marketable securities of \$36,096 and we did not have any long-term debt.

We believe that based upon our current financial position and available cash, cash equivalents and marketable securities, the Company will meet all of its financial commitments and operating needs for at least the next twelve months.

OPERATING ACTIVITIES

(\$ in thousands)

Cash provided by operations was \$59,761 for the six months ended June 30, 2019 compared to \$44,927 in the same period of last year. The primary source of cash was from net income of \$71,376 and an increase in accounts payable and accrued expenses of \$26,232, partially offset by cash used from the increase in factor accounts receivables of \$43,832.

INVESTING ACTIVITIES

(\$ in thousands)

During the six months ended June 30, 2019, we invested \$37,426 in marketable securities and received \$69,488 from the maturities and sales of marketable securities. We also made capital expenditures of \$6,214, principally for leasehold improvements to office space, systems enhancements, improvements to existing stores and new stores.

FINANCING ACTIVITIES

(\$ in thousands)

During the six months ended June 30, 2019, net cash used in financing activities was \$73,174, which consisted of share repurchases of \$51,156, cash dividends paid of \$23,987 and distribution of noncontrolling interest earnings of \$1,113. These payments were partially offset by an investment in noncontrolling interest of \$1,283 and proceeds from the exercise of stock options of \$1,799.

CONTRACTUAL OBLIGATIONS

(\$ in thousands)

Our contractual obligations as of June 30, 2019 were as follows:

Contractual Obligations	Total	Payment due by period			
		Remainder of 2019	2020-2021	2022-2023	2024 and after
Operating lease obligations	\$ 219,693	\$ 23,422	\$ 84,433	\$ 53,159	\$ 58,679
Purchase obligations	91,099	91,099	—	—	—
Future minimum royalty and advertising payments	34,150	5,355	16,910	11,885	—
Transition tax	17,973	1,563	3,126	4,493	8,791
Total	\$ 362,915	\$ 121,439	\$ 104,469	\$ 69,537	\$ 67,470

At June 30, 2019, we had no open letters of credit for the purchase of inventory.

Virtually all of our products are produced by independent manufacturers at overseas locations, the majority of which are located in China, with a small and growing percentage located in Italy, Mexico, Vietnam and Cambodia and smaller volumes in Brazil, India, The Netherlands, The Dominican Republic, Spain and South Korea. We have not entered into any long-term manufacturing or supply contracts with any of these foreign manufacturers. We believe that a sufficient number of alternative sources exist outside of the United States for the manufacture of our products. Purchases are made primarily in United States dollars.

The Company has employment agreements with its Creative and Design Chief, Steven Madden, and certain executive officers, which provide for the payment of compensation aggregating approximately \$5,553 in the remainder of 2019, \$9,378 in 2020, \$8,668 in 2021, \$7,026 in 2022 and \$7,026 in 2023. In addition, some of these employment agreements provide for discretionary bonuses and some provide for incentive compensation based on various performance criteria as well as other benefits including stock-related compensation.

Transition tax of \$17,973 was the result of the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). Excluded from the contractual obligations table above are long-term taxes payable of \$1,511 as of June 30, 2019 primarily related to uncertain tax positions, for which we are unable to make a reasonably reliable estimate of the timing of payments in individual years beyond one year due to uncertainties in the timing of tax audit outcomes.

DIVIDENDS

In April 2019, the Board of Directors of the Company declared a quarterly cash dividend of \$0.14 per share on the Company's outstanding shares of common stock. The dividend was paid on June 28, 2019 to stockholders of record as of the close of business on June 18, 2019. The total cash dividends paid for the three months ended June 30, 2019 was \$11,945.

In July 2019, the Board of Directors of the Company declared an additional quarterly cash dividend of \$0.14 per share on the Company's outstanding shares of common stock. The dividend will be paid on September 27, 2019 to stockholders of record as of the close of business on September 17, 2019.

Future quarterly cash dividend payments are subject to the discretion of our Board of Directors and contingent upon future earnings, our financial condition, capital requirements, general business conditions, and other factors. Therefore, we can give no assurance that cash dividends of any kind will be paid to holders of our common stock in the future.

INFLATION

We do not believe that inflation had a significant effect on our sales or profitability in the three months ended June 30, 2019. Historically, we have minimized the impact of product cost increases by increasing prices, changing suppliers and by improving operating efficiencies. However, no assurance can be given that we will be able to offset any such inflationary cost increases in the future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

There have been no material changes to our critical accounting policies and the use of estimates from these disclosures reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission on February 28, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK **(\$ in thousands)**

We do not engage in the trading of market risk sensitive instruments in the normal course of business. Our financing arrangements are subject to variable interest rates, primarily based on the prime rate and LIBOR. The terms of our collection agency agreements with Rosenthal & Rosenthal, Inc. can be found in the Liquidity and Capital Resources section of Item 2 and in Note D to the Condensed Consolidated Financial Statements included in this Quarterly Report.

As of June 30, 2019, we held marketable securities valued at \$36,096, which consist of certificates of deposit and corporate bonds. The values of these securities may fluctuate as a result of changes in values, market interest rates and credit risk. We have the ability to hold these investments until maturity. In addition, any decline in interest rates would be expected to reduce our interest income.

We face market risk to the extent that our U.S. or foreign operations involve the transaction of business in foreign currencies. Also, our inventory purchases are primarily done in foreign jurisdictions and inventory purchases may be impacted by fluctuations in

the exchange rates between the U.S. dollar and the local currencies of our contract manufacturers, which could have the effect of increasing the cost of goods sold in the future. We manage these risks primarily by denominating these purchases in U.S. dollars. To mitigate the risk of purchases that are denominated in foreign currencies we may enter into forward foreign exchange contracts for terms of no more than two years. A description of our accounting policies for derivative financial instruments is included in Note M to the Condensed Consolidated Financial Statements.

In the first six months of 2019, the Company entered into forward foreign exchange contracts totaling \$29,280. We performed a sensitivity analysis based on a model that measures the impact of a hypothetical change in foreign currency exchange rate to determine the effects that market risk exposures may have on the fair values of our forward foreign exchange contracts that were outstanding as of June 30, 2019. As of June 30, 2019, a 10% appreciation or depreciation of the U.S. dollar against the exchange rates for foreign currencies under forward foreign exchange contracts would result in a net increase or decrease, respectively, in the fair value of our derivatives portfolio of approximately \$2,754.

In addition, we are exposed to translation risk in connection with our foreign operations in Canada, Mexico, Europe, South Africa, China, Taiwan and Israel because our subsidiaries and joint ventures in these countries utilize the local currency as their functional currency and those financial results must be translated into U.S. dollars. As currency exchange rates fluctuate, foreign currency exchange rate translation adjustments reflected in our financial statements with respect to our foreign operations affects the comparability of financial results between years.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter covered by this Quarterly Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were, as of the end of the fiscal quarter covered by this Quarterly Report, effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal controls 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, our 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

The Company has been named as a defendant in certain lawsuits in the normal course of business. In the opinion of management, after consulting with legal counsel, the liabilities, if any, resulting from these matters should not have a material effect on the Company's financial position or results of operations or cash flows. It is the policy of management to disclose the amount or range of reasonably possible losses in excess of recorded amounts.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
(\$ in thousands, except share and per share data)

The following table presents the total number of shares of the Company's common stock, \$.0001 par value, purchased by the Company in the three months ended June 30, 2019, the average price paid per share and the approximate dollar value of shares that still could have been purchased at the end of the fiscal period, pursuant to the Company's Share Repurchase Program. See also Note H to the Condensed Consolidated Financial Statements. During the three months ended June 30, 2019, there were no sales by the Company of unregistered shares of the Company's common stock.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Dollar Amount of Shares that May Yet Be Purchased Under the Plans or Programs
4/1/2019 - 4/30/2019	9,415	\$ 33.99	—	\$ 200,000
5/1/2019 - 5/31/2019	568,011	\$ 32.28	565,695	\$ 181,751
6/1/2019 - 6/30/2019	481,270	\$ 31.89	470,333	\$ 166,754
Total	<u>1,058,696</u>	<u>\$ 32.12</u>	<u>1,036,028</u>	<u>\$ 166,754</u>

(1) The Steven Madden, Ltd. 2019 Incentive Compensation Plan and its predecessor plan, the Steven Madden, Ltd. Amended and Restated 2006 Stock Incentive Plan, each provide the Company with the right to deduct or withhold, or require employees to remit to the Company, an amount sufficient to satisfy all or part of the tax withholding obligations applicable to stock-based compensation awards. To the extent permitted, employees may elect to satisfy all or part of such withholding obligations by tendering to the Company previously owned shares or by having the Company withhold shares having a fair market value equal to the employee's withholding tax obligation. Included in this table are shares withheld during the second quarter of 2019 in connection with the settlement of vested restricted stock to satisfy tax withholding requirements, in addition to the shares repurchased pursuant to the Share Repurchase Program. Of the total number of shares repurchased by the Company in the second quarter of 2019, 22,668 shares were withheld at an average price per share of \$33.36, for an aggregate purchase price of approximately \$756, in connection with the settlement of vested restricted stock to satisfy tax withholding requirements.

ITEM 6. EXHIBITS

- [3.1](#) [Certificate of Incorporation of Steven Madden, Ltd., as amended †](#)
 - [3.2](#) [Amended & Restated By-Laws of Steven Madden, Ltd., as further amended \(incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 filed with the SEC on August 4, 2017\)](#)
 - [10.1](#) [Steven Madden, Ltd. 2019 Incentive Compensation Plan, as adopted by the Board of Directors on February 25, 2019 and approved by the stockholders on May 24, 2019 †#](#)
 - [31.1](#) [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\) or 15d-14\(a\) 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\(a\) or 15d-14\(a\) 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 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 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 †*](#)
- 101 The following materials from Steven Madden, Ltd.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Changes in Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text*

† Filed herewith

Indicates management contract or compensatory plan or arrangement required to be identified pursuant to Item 6 of this Quarterly Report on Form 10-Q.

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any filing, except to the extent the Company specifically incorporates it by reference.

Signatures

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.

Dated: August 5, 2019

STEVEN MADDEN, LTD.

/s/ EDWARD R. ROSENFELD

Edward R. Rosenfeld

Chairman and Chief Executive Officer

/s/ ARVIND DHARIA

Arvind Dharia

Chief Financial Officer

CERTIFICATE OF INCORPORATION**OF****STEVEN MADDEN, LTD.**

The undersigned, a natural person, for the purpose of organizing a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 8 of the Delaware Code and has acts amendatory thereof and supplemental thereto, and known, identified, and referred to as the “General Corporation Law of the State of Delaware”), hereby certifies that:

FIRST: The name of the corporation (hereinafter called the “corporation”) is Steven Madden, Ltd.

SECOND: The address, including street, number, city, and county, of the registered office of the corporation in the State of Delaware is 1013 Centre Road, Wilmington, Delaware 19805-1297; and the name of the registered agent of the corporation in the State of Delaware at such address is the Corporation Service Company, in New Castle County.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is sixty five million, which are divided into five million shares of Preferred Stock of a par value of one tenth of a mill (\$.0001) each and sixty million shares of Common Stock of a par value of one tenth of a mill (\$.0001) each.

The shares of Preferred Stock may be issued from time to time in one or more series, in any manner permitted by law, as determined from time to time by the Board of Directors, and stated in the resolution or resolutions providing for the issuance of such shares adopted by the Board of Directors pursuant to authority hereby vested in it. Without limiting the generality of the foregoing, shares in such series shall have such voting powers, full or limited, or no voting powers, and shall have such designations, preferences and relative, participating, optional, or other special rights, and qualifications, limitations, or restrictions thereof, permitted by law, as shall be stated in the resolution or resolutions providing for the issuance of such shares adopted by the Board of Directors pursuant to authority hereby vested in it. The number of shares of any such series so set forth in such resolution or resolutions may be increased (but not above the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares thereof then outstanding) by further resolution or resolutions adopted by the Board of Directors pursuant to authority hereby vested in it.

No holder of any of the shares of the stock of the corporation, whether now or hereafter authorized and issued, shall be entitled as of right to purchase or subscribe for any unissued stock

of any class, or any additional shares of any class to be issued by reason of any increase of the authorized capital stock of any class of the corporation, or bonds, certificates of indebtedness, debentures, or other securities convertible into stock of any class of the corporation, or carrying any right to purchase stock of any class of the corporation, but any such unissued stock or any such additional authorized issue of any stock or of other securities convertible into stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations, or associations, and upon such terms, as may be deemed advisable by the Board of Directors in the exercise of its discretion.

FIFTH: The name and mailing address of the incorporator are as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
Alan N. Forman, Esq.	Berlack, Israels & Liberman LLP 120 West 45th Street New York, NY 10036

SIXTH: The corporation is to have perpetual existence.

SEVENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under § 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under § 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directors. If a majority in number representing three fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

EIGHTH: For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation, and regulation of the powers of the corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

1. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws. The phrase "whole Board" and the phrase "total number of directors" shall be deemed to have the same meaning, to

wit, the total number of directors which the corporation would have if there were no vacancies. No election of directors need be by written ballot.

2. After the original or other Bylaws of the corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of § 109 of the General Corporation Law of the State of Delaware, and, after the corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the Bylaws of the corporation may be exercised by the Board of Directors of the corporation; provided, however, that any provision for the classification of directors of the corporation for staggered terms pursuant to the provisions of subsection (d) of § 141 of the General Corporation Law of the State of Delaware shall be set forth in an initial Bylaw or in a Bylaw adopted by the stockholders entitled to vote of the corporation unless provisions for such classification shall be set forth in this certificate of incorporation.

3. Whenever the corporation shall be authorized to issue only one class of stock, each outstanding share shall entitle the holder thereof to notice of, and the right to vote at, any meeting of stockholders. Whenever the corporation shall be authorized to issue more than one class of stock, no outstanding share of any class of stock which is denied voting power under the provisions of the certificate of incorporation shall entitle the holder thereof to the right to vote at any meeting of stockholders except as the provisions of paragraph (2) of subsection (b) of § 242 of the General Corporation Law of the State of Delaware shall otherwise require; provided, that no share of any such class which is otherwise denied voting power shall entitle the holder thereof to vote upon the increase or decrease in the number of authorized shares of said class.

NINTH: The personal liability of the directors of the corporation is hereby eliminated to the fullest extent permitted by the provisions of paragraph (7) of subsection (b) of § 102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented.

TENTH: The corporation shall, to the fullest extent permitted by the provisions of § 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

ELEVENTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered, or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the corporation by this certificate of incorporation are granted subject to the provisions of this Article ELEVENTH.

Signed on November 10, 1998.

/s/ ALAN N. FORMAN
Alan N. Forman, Incorporator

CERTIFICATE OF MERGER
OF
STEVEN MADDEN, LTD.
(a New York corporation)
AND
STEVEN MADDEN, LTD.
(a Delaware corporation)

It is hereby certified that:

1. The constituent business corporations participating in the merger herein certified are:

- (i) Steven Madden Ltd., which is incorporated under the laws of the State of New York (“Madden N.Y.”); and
- (ii) Steven Madden Ltd., which is incorporated under the laws of the State of Delaware (“Madden Del.”).

2. An Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by each of the aforesaid constituent corporations in accordance with the provisions of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware, to wit, by Madden N.Y. in accordance with the State of its incorporation and by Madden Del. the same manner as is provided in Section 251 of the General Corporation Law of the State of Delaware.

3. The name of the surviving corporation in the merger herein certified is Madden Del., which will continue its existence as said surviving corporation under its present name upon the effective date of said merger pursuant to the provisions of the General Corporation Law of the State of Delaware.

4. The Certificate of Incorporation of Madden Del., as now in force and effect, shall continue to be the Certificate of Incorporation of said surviving corporation until amended and changed pursuant to the provisions of the General Corporation Law of the State of Delaware.

5. The executed Agreement and Plan of Merger between the aforesaid constituent corporations is on file at the principal place of business of the aforesaid surviving corporation, the address of which is as follows:

52-16 Barnett Avenue
Long Island City, NY 11104

6. A copy of the aforesaid Agreement and Plan of Merger will be furnished by the aforesaid surviving corporation, on request, and without cost, to any stockholder of each of the aforesaid constituent corporations.

7. The authorized capital stock of Madden N.Y. consists of 10,876,393 shares with \$.0001 par value.

Dated: November 17, 1998

STEVEN MADDEN, LTD. (a New York Corporation)

By: /s/Steven Madden

Name: Steven Madden

Title President & CEO

Dated: November 17, 1998

STEVEN MADDEN, LTD. (a Delaware Corporation)

By: /s/Steven Madden

Name: Steven Madden

Title President & CEO

CERTIFICATE OF SECRETARY

OF

STEVEN MADDEN, LTD.

The undersigned, being the Secretary of Steven Madden, Ltd., does hereby certify that the foregoing Certificate of Merger has been adopted upon behalf of said corporation pursuant to the provisions of Subsection (f) of Section 251 of the General Corporation Law of the State of Delaware, and that, as of the date of this Certificate, the outstanding shares of said corporation were such as to render the provisions of said Subsection (f) applicable.

Dated: November 17, 1998.

/s/Arvind Dharia
Arvind Dharia, Secretary

CERTIFICATE OF DESIGNATIONS
OF
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
OF
STEVEN MADDEN, LTD.

Pursuant to Section 151 of the Delaware
General Corporation Law

STEVEN MADDEN, LTD., a corporation organized and existing under the Delaware General Corporation Law (the "Company"), in accordance with the provisions of Section 151 of such law, DOES HEREBY CERTIFY that pursuant to authority conferred on the Board of Directors of the Company by its Certificate of Incorporation and the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, the Board of Directors on October 30, 2001 adopted the following resolution:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Company in accordance with the provisions of its Certificate of Incorporation, a series of Preferred Stock, \$.0001 par value per share, of the Company be, and hereby is, created and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 60,000.

Section 2. Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (i) cash dividends in an amount per share (rounded to the nearest cent) equal to 1000 times the aggregate per share amount of all cash dividends declared or paid on the Common Stock, \$.0001 par value per share, of the Company (the "Common Stock") and (ii) a preferential cash dividend (the "Preferential Dividends"), if any, in preference to the holders of Common Stock, on the first day of February, May, August and November of each year (each a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, payable in an amount (except in the case of the first Quarterly Dividend Payment if the date of the first issuance of Series A Preferred Stock is a date other than a Quarterly Dividend Payment date, in which case such payment shall be a prorated amount of such amount) equal to \$50.00 per share

of Series A Preferred Stock less the per share amount of all cash dividends declared on the Series A Preferred Stock pursuant to clause (i) of this sentence since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Company shall, at any time after the issuance of any share or fraction of a share of Series A Preferred Stock, make any distribution on the shares of Common Stock of the Company, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Company or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than cash dividends subject to the immediately preceding sentence, a distribution of shares of Common Stock or other capital stock of the Company or a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Fair Market Value (as defined in Section 7(D) below) of such share), then, and in each such event, the Company shall simultaneously pay on each then outstanding share of Series A Preferred Stock of the Company a distribution, in like kind, of 1,000 times such distribution paid on a share of Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series A Preferred Stock to which holders thereof are entitled pursuant to clause (i) of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Dividends" and the multiple of such cash and non-cash dividends on the Common Stock applicable to the determination of the Dividends, which shall be 1,000 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." In the event the Company shall at any time after November 26, 2001 ("the Effective Date") (i) declare or pay any dividend or make any distribution on Common Stock payable in shares of Common Stock, (ii) effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving Company), then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Dividends which holders of shares of Series A Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Company shall declare each Dividend at the same time it declares any cash or non-cash dividend or distribution on the Common Stock in respect of which a Dividend is required to be paid. No cash or non-cash dividend or distribution on the Common Stock in respect of which a Dividend is required to be paid shall be paid or set aside for payment on the Common Stock unless a Dividend in respect of such dividend or distribution on the Common Stock shall be simultaneously paid, or set aside for payment, on the Series A Preferred Stock.

(C) Preferential Dividends shall begin to accrue on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Series A Preferred Stock. Accrued but unpaid Preferential Dividends shall cumulate but shall not bear interest. Preferential Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the holders of the Common Stock. The number of votes which a holder of Series A Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple." In the event the Company shall at any time after the Effective Date, (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving Company), then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series A Preferred Stock shall be entitled after such event shall be the Vote Multiple immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the Certificate of Incorporation or By-Laws, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(C) In the event that the Preferential Dividends accrued on the Series A Preferred Stock for four or more consecutive quarterly periods shall not have been declared and paid or set apart for payment, the holders of record of the Series A Preferred Stock, voting together with the holders of record of any other series of preferred stock of the Company which shall then have the right, expressly granted by the Certificate of Incorporation of the Company or in any resolution or resolutions of the Board of Directors of the Company providing for the issue of such shares of preferred stock, to elect directors upon such a default in the payment of dividends by the Company, shall have the right, at the next meeting of stockholders called for the election of directors, voting together as a class, to elect two members to the Board of Directors, which directors shall be in addition to the number provided for pursuant to the Company's By-laws prior to such event, to serve until the next Annual Meeting and until their successors are elected and qualified or their

earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Preferred Stock shall have been paid (or set aside for payment) in full. The holders of shares of Series A Preferred Stock shall continue to have the right to elect directors as provided by the immediately preceding sentence until all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Preferred Stock shall have been paid (or set aside for payment) in full. Such directors may be removed and replaced by such stockholders, and vacancies in such directorships may be filled only by such stockholders (or by the remaining director elected by such stockholders, if there be one) in the manner permitted by law. Subject to the foregoing, any directors elected pursuant to this paragraph 3(C) shall be elected annually.

(D) Except as otherwise required by the Certificate of Incorporation or By-Laws or set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

Section 4. Certain Restrictions.

(A) Whenever Preferential Dividends or Dividends are in arrears or the Company shall be in default of payment thereof, thereafter and until all accrued and unpaid Preferential Dividends and Dividends, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid or set irrevocably aside for payment in full, and in addition to any and all other rights which any holder of shares of Series A Preferred Stock may have in such circumstances, the Company shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series A Preferred Stock, unless dividends are paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) except as permitted by subparagraph (iv) of this paragraph 4(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any Subsidiary (as hereinafter defined) of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Company shall mean any company or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the board of directors of such company or other entity or other persons performing similar functions are beneficially owned, directly or indirectly, by the Company or by any company or other entity that is otherwise controlled by the Company.

(C) The Company shall not issue any shares of Series A Preferred Stock except upon exercise of Rights issued pursuant to that certain Rights Agreement dated as of November 14, 2001 between the Company and American Stock Transfer & Trust Company, as Rights Agent, a copy of which is on file with the Secretary of the Company at its principal executive office and shall be made available to stockholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict the Company from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from, or greater than, those of the Series A Preferred Stock.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of preferred Stock, without designation as to series, and such shares may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 6. Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distribution shall be made (i) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless the holders of shares of Series A Preferred Stock shall have received, subject to adjustment as hereinafter provided, (A) \$1.00 per one one-thousandth (1/1000) of a share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment or, (B) if greater than the amount specified in clause (i)(A) of this sentence, an amount equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, as the same may be adjusted as hereinafter provided and (ii) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series A Preferred Stock, unless simultaneously therewith distributions are made ratably on the

Series A Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series A Preferred Stock are entitled under clause (i)(A) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series A Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Company pursuant to clause (i)(B) of the foregoing sentence is hereinafter referred to as the "Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the Company applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple." In the event the Company shall at any time after the Effective Date (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is continuing or surviving company), then, in each such case, the Liquidation Multiple thereafter applicable to the determination of the Participating Liquidation Amount to which holders of Series A Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Certain Reclassification and Other Events.

(A) In the event that holders of shares of Common Stock of the Company receive after the Effective Date in respect of their shares of Common Stock any share of capital stock of the Company (other than any share of Common Stock of the Company), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Transaction"), then, and in each such event, the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall be adjusted so that after such event the holders of Series A Preferred Stock shall be entitled, in respect of each share of Series A Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such Transaction multiplied by the additional dividends which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock, (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such Transaction multiplied by the additional voting rights which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately prior to such Transaction multiplied by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company by virtue of the receipt in the Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(B) In the event that holders of shares of Common Stock of the Company receive after the Effective Date in respect of their shares of Common Stock any right or warrant to purchase Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Common Stock) at a purchase price per share less than the Fair Market Value of a share of Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Vote Multiple and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Vote Multiple and the Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased, at the Fair Market Value of the Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(C) In the event that holders of shares of Common Stock of the Company receive after the Effective Date in respect of their shares of Common Stock any right or warrant to purchase capital stock of the Company (other than shares of Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of the Company (other than Common Stock), at a purchase price per share less than the Fair Market Value of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall each be adjusted so that after such event each holder of a share of Series A Preferred Stock shall be entitled, in respect of each share of Series A Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Common Stock of the Company as contemplated by this paragraph

immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(D) For purposes of this Certificate of Designations, the “Fair Market Value” of a share of capital stock of the Company (including a share of Common Stock) on any date shall be deemed to be the average of the daily closing price per share thereof over the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; *provided, however*, that, in the event that such Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 30 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Company to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case, no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System (“NASDAQ”) or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Company. The term “Trading Day” shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of the Company is open. If the shares are not publicly held or not so listed or traded on any day within the period of 30 Trading Days applicable to the determination of Fair Market Value thereof as aforesaid, “Fair Market Value” shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Company. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Company.

Section 8. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any

such case each outstanding share of Series A Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Common Stock is changed or exchanged multiplied by the highest of the Vote Multiple, the Dividend Multiple or the Liquidation Multiple in effect immediately prior to such event.

Section 9. Effective Time of Adjustments.

(A) Adjustments to the Series A Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(B) The Company shall give prompt written notice to each holder of a share of Series A Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of the Company of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Company to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

Section 10. No Redemption. The shares of Series A Preferred Stock shall not be redeemable at the option of the Company or any holder thereof. Notwithstanding the foregoing sentence of this Section, the Company may acquire shares of Series A Preferred Stock in any other manner permitted by law, the provisions hereof and the Certificate of Incorporation of the Company.

Section 11. Ranking. Unless otherwise provided in the Certificate of Incorporation of the Company or a Certificate of Designations relating to a subsequent series of preferred stock of the Company, the Series A Preferred Stock shall rank junior to all other series of the Company's preferred stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and senior to the Common Stock.

Section 12. Amendment. After the Distribution Date (as defined in the Rights Agreement), the provisions hereof and the Certificate of Incorporation of the Company shall not be amended in any manner which would adversely affect the rights, privileges or powers of the Series A Preferred Stock without, in addition to any other vote of stockholders required by law, the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Company by one of its duly authorized officers and attested by its Secretary this 16th day of November, 2001.

/s/Jamieson Karson
Name: Jamieson Karson
Title: Chief Executive Officer

ATTEST:

/s/Arvind Dharia
Name: Arvind Dharia
Title: Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
STEVEN MADDEN, LTD.

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, Steven Madden, Ltd., a corporation organized and existing by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is Steven Madden, Ltd. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on November 10, 1998.

2. The Board of Directors of the Corporation has duly adopted a resolution pursuant to Section 242 of the General Corporation Law of the State of Delaware setting forth a proposed amendment to the Certificate of Incorporation of the Corporation and declaring said amendment to be advisable and in the best interests of the stockholders of the Corporation.

3. The requisite stockholders of the Corporation have duly approved the proposed amendment in accordance with Section 242 of the General Corporation Law of the State of Delaware. The amendment amends the Certificate of Incorporation of the Corporation as follows:

4. The first paragraph of Article FOURTH is hereby deleted in its entirety and replaced with the following:

"FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is one hundred forty million (140,000,000) shares, consisting of one hundred thirty-five million (135,000,000) shares of common stock, \$0.0001 par value per share, and five million (5,000,000) shares of preferred stock, \$0.0001 par value per share."

[signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its chief executive officer this 24th day of May, 2013.

STEVEN MADDEN, LTD.

By: /s/Edward R. Rosenfeld

Name: Edward R. Rosenfeld

Title: Chief Executive Officer

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
STEVEN MADDEN, LTD.

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, Steven Madden, Ltd., a corporation organized and existing by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify as follows:

5. The name of the Corporation is Steven Madden, Ltd. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on November 10, 1998.

6. The Board of Directors of the Corporation has duly adopted a resolution pursuant to Section 242 of the General Corporation Law of the State of Delaware setting forth a proposed amendment to the Certificate of Incorporation of the Corporation and declaring said amendment to be advisable and in the best interests of the stockholders of the Corporation.

7. The requisite stockholders of the Corporation have duly approved the proposed amendment in accordance with Section 242 of the General Corporation Law of the State of Delaware. The amendment amends the Certificate of Incorporation of the Corporation as follows:

8. The first paragraph of Article FOURTH is hereby deleted in its entirety and replaced with the following:

"FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is two hundred fifty million (250,000,000) shares, consisting of two hundred forty-five million (245,000,000) shares of common stock, \$0.0001 par value per share, and five million (5,000,000) shares of preferred stock, \$0.0001 par value per share."

[signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its chief executive officer this 24th day of May 2019.

STEVEN MADDEN, LTD.

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

Steven Madden, Ltd. 2019 Incentive Compensation Plan

**(Adopted by the Board of Directors on February 25, 2019 and
Approved by the Stockholders on May 24, 2019)**

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<u>EXHIBIT A</u>	<u>PERFORMANCE GOALS</u>	<u>A</u>

STEVEN MADDEN, LTD.

2019 INCENTIVE COMPENSATION PLAN

(Adopted by the Board of Directors on February 25, 2019 and
Approved by the Stockholders on May 24, 2019)

ARTICLE I

ESTABLISHMENT OF PLAN

1.1 Establishment of the Plan. Steven Madden, Ltd (“the Company”) established this incentive compensation plan to permit the granting of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Share Units, Other Stock-Based Awards and Performance-Based Cash Awards to the persons and for the purposes described herein.

1.2 Purposes of the Plan. The purposes of the Plan are to induce certain individuals to remain in the employ, or to continue to serve as directors of, or consultants or advisors to, the Company and its present and future Subsidiaries, to attract new individuals to enter into such employment or service and to encourage such individuals to secure or increase on reasonable terms their stock ownership in the Company. The Board believes that the granting of Awards under the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success.

1.3 Duration of the Plan. No Award may be granted under the Plan after February 24, 2029, or such earlier date as the Board shall determine. The Plan will remain in effect with respect to outstanding Awards until no Awards remain outstanding.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 “Acquisition Event” means a merger or consolidation in which the Company is not the surviving entity, any transaction that results in the acquisition of all or substantially all of the Company’s outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or the sale or transfer of all or substantially all of the Company’s assets.

2.2 “Affiliate” means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock,

assets or an equivalent ownership interest or voting interest) by the Company; (d) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which directly or indirectly controls 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) of the Company; and (e) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an “Affiliate” by resolution of the Committee; provided that the Common Stock subject to any Award constitutes “service recipient stock” for purposes of Section 409A of the Code or otherwise does not subject the Award to Section 409A of the Code.

2.3 “Appreciation Award” means any Award under this Plan of any Stock Option, Stock Appreciation Right or Other Stock-Based Award, provided that such Other Stock-Based Award is based on the appreciation in value of a share of Common Stock in excess of an amount equal to at least the Fair Market Value of the Common Stock on the date such Other Stock-Based Award is granted.

2.4 “Award” means any award under this Plan of any Stock Option, Stock Appreciation Right, Restricted Stock, Performance Share, Other Stock-Based Award or Performance-Based Cash Awards. All Awards shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant.

2.5 “Board” means the Board of Directors of the Company.

2.6 “Cause” means with respect to a Participant’s Termination of Employment or Termination of Consultancy from and after the date hereof, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define “cause” (or words of like import)), termination due to: (i) a Participant’s conviction of, or plea of guilty or nolo contendere to, a felony; (ii) perpetration by a Participant of an illegal act, or fraud which could cause significant economic injury to the Company; (iii) continuing willful and deliberate failure by the Participant to perform the Participant’s duties in any material respect, provided that the Participant is given notice and an opportunity to effectuate a cure as determined by the Committee; or (iv) a Participant’s willful misconduct with regard to the Company that could have a material adverse effect on the Company; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines “cause” (or words of like import), “cause” as defined under such agreement; provided, however, that with regard to any agreement under which the definition of “cause” only applies on occurrence of a change in control, such definition of “cause” shall not apply until a change in control actually takes place and then only with regard to a termination thereafter. With respect to a Participant’s Termination of Directorship, “cause” means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law.

2.7 “Change in Control” has the meaning set forth in Section 14.3.

2.8 “Change in Control Price” has the meaning set forth in Section 14.1.

2.9 “Code” means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.

2.10 “Committee” means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of two or more non-employee directors, each of whom shall be (i) a “non-employee director” as defined in Rule 16b-3; and (ii) an “independent director” as defined under Nasdaq Rule 5605(a)(2) or such other applicable stock exchange rule. To the extent that no Committee exists that has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

2.11 “Common Stock” means the Common Stock, \$0.0001 par value per share, of the Company.

2.12 “Company” means Steven Madden, Ltd., a Delaware corporation, and its successors by operation of law.

2.13 “Consultant” means any natural person who provides bona fide consulting or advisory services to the Company or its Affiliates pursuant to a written agreement, which are not in connection with the offer and sale of securities in a capital-raising transaction.

2.14 “Disability” means with respect to a Participant’s Termination, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

2.15 “Effective Date” means the effective date of this Plan as defined in Article XVIII.

2.16 “Eligible Employees” means each employee of the Company or an Affiliate.

2.17 “Exchange Act” means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.18 “Fair Market Value” means, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date and except as provided below, the closing price reported for the Common Stock on the applicable date: (a) as reported on the principal national securities exchange in the United States on which it is then traded, or (b) if not traded on any such national securities exchange, the last sale price quoted in the principal over-the-counter market on which the Common Stock is quoted, as determined by the Committee. If the Common Stock is not traded, listed or otherwise reported or quoted, then Fair Market Value means the fair market value of the Common Stock as determined by the Committee in good faith in whatever manner it considers appropriate taking into account the requirements of Section 422 of the Code and/or Section 409A of the Code, as applicable. For purposes of the grant of any Award, the

applicable date shall be the trading day immediately prior to the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a day on which the applicable market is open, the next day that it is open.

2.19 “Family Member” means “family member” as defined in Section A.1.(5) of the general instructions of Form S-8, as may be amended from time to time.

2.20 “GAAP” has the meaning set forth in Section 12.2(c)(ii).

2.21 “Incentive Stock Option” means any Stock Option awarded to an Eligible Employee of the Company, its Subsidiaries and its Parent (if any) under this Plan intended to be and designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.

2.22 “Limited Stock Appreciation Right” means a Tandem Stock Appreciation Right or Non-Tandem Stock Appreciation Right exercisable only upon the occurrence of a Change in Control or other event as determined by the Committee as provided in Section 7.5.

2.23 “Non-Employee Director” means a director of the Company who is not an active employee of the Company or an Affiliate.

2.24 “Non-Qualified Stock Option” means any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.25 “Non-Tandem Stock Appreciation Right” means the right to receive cash or a number of shares of Common Stock (as determined by the Committee, in its sole discretion, on the date of grant) equal to the difference between (i) the Fair Market Value of a share of Common Stock on the date such right is exercised, and (ii) the aggregate exercise price of such right, otherwise than on surrender of a Stock Option.

2.26 “Other Stock-Based Award” means an Award under Article XI of this Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock, including, without limitation, a restricted stock unit or other Award valued by reference to an Affiliate.

2.27 “Parent” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.28 “Participant” means an Eligible Employee, Non-Employee Director or Consultant to whom an Award has been granted pursuant to this Plan.

2.29 “Performance Goals” means the performance goals set forth on Exhibit A hereto.

2.30 “Performance-Based Cash Award” means a cash Award under Article XII of this Plan that is payable or otherwise based on the attainment of certain pre-established performance goals during a Performance Period.

2.31 **“Performance Period”** means the duration of the period during which receipt of an Award is subject to the satisfaction of performance criteria, such period as determined by the Committee in its sole discretion.

2.32 **“Performance Share”** means an Award made pursuant to Article X of this Plan of the right to receive Common Stock or cash of an equivalent value at the end of a specified Performance Period.

2.33 **“Person”** means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, incorporated organization, governmental or regulatory or other entity.

2.34 **“Plan”** means this Steven Madden, Ltd. 2019 Incentive Compensation Plan, as it may be amended from time to time.

2.35 **“Prior Plan”** means the Steven Madden, Ltd. 2006 Stock Incentive Plan, as in effect immediately prior to the Effective Date.

2.36 **“Reference Stock Option”** has the meaning set forth in Section 7.1.

2.37 **“Restricted Stock”** means an Award of shares of Common Stock under this Plan that is subject to restrictions under Article VIII.

2.38 **“Restricted Stock Unit”** means an Award described in Article IX.

2.39 **“Restriction Period”** has the meaning set forth in Subsection 8.3(a).

2.40 **“Retirement”** means a voluntary Termination of Employment at or after age 65 or such earlier date after age 50 as may be approved by the Committee, in its sole discretion at the time of grant or thereafter provided that the exercise of such discretion does not make the applicable Award subject to Section 409A of the Code, except that Retirement shall not include any Termination by the Company with or without Cause. With respect to a Participant’s Termination of Directorship, Retirement means the failure to stand for reelection or the failure to be reelected on or after a Participant has attained age 65 or, with the consent of the Board, before age 65 but after age 50, provided that the exercise of such discretion does not make the applicable Award subject to Section 409A of the Code.

2.41 **“Rule 16b-3”** means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.

2.42 **“Section 409A of the Code”** means the nonqualified deferred compensation rules under Section 409A of the Code and any applicable Treasury regulations thereunder.

2.43 **“Securities Act”** means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.44 **“Stock Appreciation Right”** means a Non-Tandem Stock Appreciation Right or a Tandem Stock Appreciation Right.

2.45 **“Stock Option”** or **“Option”** means any option to purchase shares of Common Stock granted to Eligible Employees, Non-Employee Directors or Consultants granted pursuant to Article VI.

2.46 **“Subsidiary”** means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.47 **“Tandem Stock Appreciation Right”** means the right to surrender to the Company all (or a portion) of a Stock Option in exchange for cash or a number of shares of Common Stock (as determined by the Committee, in its sole discretion, on the date of grant) equal to the difference between (a) the Fair Market Value on the date such Stock Option (or such portion thereof) is surrendered, of the Common Stock covered by such Stock Option (or such portion thereof), and (b) the aggregate exercise price of such Stock Option (or such portion thereof).

2.48 **“Ten Percent Stockholder”** means an Eligible Employee owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.49 **“Termination”** means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

2.50 **“Termination of Consultancy”** means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (b) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of his or her consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. Notwithstanding the foregoing, the Committee may, in its sole discretion, otherwise define Termination of Consultancy in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.

2.51 **“Termination of Directorship”** means that the Non-Employee Director has ceased to be a director of the Company; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of his or her directorship, his or her ceasing to be a director of the Company shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.

2.52 **“Termination of Employment”** means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (b) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the

Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of his or her employment, unless otherwise determined by the Committee, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. Notwithstanding the foregoing, the Committee may, in its sole discretion, otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.53 “Transfer” means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in a Person) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred” and “Transferrable” shall have a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 The Committee. This Plan shall be administered and interpreted by the Committee.

3.2 Grants of Awards. The Committee shall have full authority to grant, pursuant to the terms of this Plan, to Eligible Employees, Consultants and Non-Employee Directors: (i) Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock, (iv) Restricted Stock Units, (v) Performance Shares; (vi) Other Stock-Based Awards, and (vii) Performance-Based Cash Awards. In particular, the Committee shall have the authority:

- (a) to select the Eligible Employees, Consultants and Non-Employee Directors to whom Awards may from time to time be granted hereunder;
- (b) to determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more Eligible Employees, Consultants or Non-Employee Directors;
- (c) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;
- (d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any

Award and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

- (e) to determine whether, to what extent and under what circumstances grants of Options and other Awards under this Plan are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company outside of this Plan;
- (f) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or Restricted Stock under Section 6.3(d);
- (g) to determine whether, to what extent and under what circumstances Common Stock and other amounts payable with respect to an Award under this Plan shall be deferred either automatically or at the election of the Participant in any case, in a manner intended to comply with, Section 409A of the Code;
- (h) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;
- (i) to determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award; and
- (j) to set the performance criteria and the Performance Period with respect to any Award for which the grant, vesting or payment of such Award is conditioned upon the attainment of specified performance criteria and to certify the attainment of any such performance criteria.

3.3 Guidelines. Subject to Article XV hereof, the Committee shall, in its sole discretion, have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Award issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may, in its sole discretion, correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may, in its sole discretion, adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. This Plan is intended to comply with the applicable requirements of Rule 16b-3, and this Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members)

arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the By-Laws of the Company shall be fully effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 Delegation of Authority and Employment of Consultants.

- (a) The Committee may, in its sole discretion, designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and (to the extent permitted by applicable law and applicable exchange rules) may grant authority to officers to grant Awards and/or execute agreements or other documents on behalf of the Committee.
- (b) The Committee may, in its sole discretion, employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted under it.

3.7 Indemnification. To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer or employee of the Company or any Affiliate and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, employee's, member's or former member's fraud. Such indemnification shall be in addition to any rights of indemnification

the officers, employees, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her under this Plan.

ARTICLE IV

SHARE LIMITATION

4.1 Shares.

- (a) General Limitations. The aggregate number of shares of Common Stock that may be issued or used for reference purposes or with respect to which Awards may be granted under this Plan shall not exceed 11,000,000 shares (subject to any increase or decrease pursuant to Section 4.2), which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. Any shares of Common Stock that are subject to Awards that are not Appreciation Awards shall be counted against this limit as 3.0 shares for every share granted. If any Appreciation Award granted under this Plan expires, terminates, is cancelled or is forfeited for any reason, the number of shares of Common Stock underlying any such Award shall again be available for the purpose of Awards under this Plan and added back to the aggregate maximum limit. If any Awards that are not Appreciation Awards granted under this Plan to a Participant expire, terminate, are cancelled or are forfeited for any reason, 3.0 shares of Common Stock shall again be available for the purposes of Awards under this Plan and added back to the aggregate maximum limit. If a Tandem Stock Appreciation Right or a Limited Stock Appreciation Right is granted in tandem with an Option, such grant shall only apply once against the maximum number of shares of Common Stock which may be issued under this Plan. The number of shares of Common Stock available for the purpose of Awards under this Plan shall be reduced by (i) the total number of Stock Options or Stock Appreciation Rights exercised, regardless of whether any of the shares of Common Stock underlying such Awards are not actually issued to the Participant as the result of a net settlement, (ii) any shares of Common Stock used to pay any exercise price or tax withholding obligation with respect to any Award and (iii) any shares of Common Stock repurchased by the Company on the open market with the proceeds of an Stock Option exercise price.
- (b) Individual Participant Limitations.
- (i) The maximum number of shares of Common Stock subject to any Award of Stock Options, Stock Appreciation Rights, shares of Restricted Stock or Awards parts of Restricted Stock Units for which the grant of such Award or the lapse of the relevant Restriction Period is subject to the attainment of Performance Goals which

may be granted under this Plan during any fiscal year of the Company to each Eligible Employee or Consultant shall be 1,000,000 shares per type of Award (which shall be subject to any further increase or decrease pursuant to Section 4.2), provided that the maximum number of shares of Common Stock for all types of Awards does not exceed 1,200,000 (which shall be subject to any further increase or decrease pursuant to Section 4.2) with respect to any fiscal year of the Company. If a Tandem Stock Appreciation Right is granted or a Limited Stock Appreciation Right is granted in tandem with a Stock Option, it shall apply against the Eligible Employee's or Consultant's individual share limitations for both Stock Appreciation Rights and Stock Options.

(ii) The maximum number of shares of Common Stock subject to (A) any Award of Stock Options (other than Incentive Stock Options), Stock Appreciation Rights and any other share appreciation awards which may be granted under this Plan during any fiscal year of the Company to each Non-Employee Director shall be 120,000 shares per type of Award (which shall be subject to any further increase or decrease pursuant to Section 4.2), provided that the maximum number of shares of Common Stock for all such Awards does not exceed 160,000 (which shall be subject to any further increase or decrease pursuant to Section 4.2) with respect to any fiscal year of the Company, and (B) any Award of Restricted Stock, Restricted Stock Units and any other Awards other than Awards described in Section 4.1(b)(ii)(A) which may be granted under this Plan during any fiscal year of the Company to each Non-Employee Director shall be 40,000 shares per type of Award (which shall be subject to any further increase or decrease pursuant to Section 4.2), provided that the maximum number of shares of Common Stock for all such Awards does not exceed 60,000 (which shall be subject to any further increase or decrease pursuant to Section 4.2) with respect to any fiscal year of the Company; provided further, that in no event shall the aggregate grant of Awards to Non-Employee Directors exceed 5% (when combined with the 5% limitation set forth in Sections 6.3(c), 8.3(a)(iv), 9.3(c), 10.2(f) and 11.2(c) of this Plan) of the total number of shares of Common Stock reserved for Awards under this Plan. If a Tandem Stock Appreciation Right is granted or a Limited Stock Appreciation Right is granted in tandem with a Stock Option, it shall apply against the Non-Employee Director's individual share limitations for both Stock Appreciation Rights and Stock Options.

(iii) There are no annual individual Eligible Employee or Consultant share limitations on Restricted Stock for which the grant of such Award or the lapse of the relevant Restriction Period is not subject to attainment of Performance Goals in accordance with Section 8.3(a)(ii) hereof.

(iv) The maximum number of shares of Common Stock subject to any Award of Performance Shares which may be granted under this Plan during any fiscal year of the Company to each Eligible Employee or Consultant shall be 1,000,000 (which shall be subject to any further increase or decrease pursuant to Section 4.2) with respect to any fiscal year of the Company. Each Performance Share shall be

referenced to one share of Common Stock and shall be charged against the available shares under this Plan at the time the unit value measurement is converted to a referenced number of shares of Common Stock in accordance with Section 10.1.

(v) The maximum payment under any Performance-Based Cash Award payable with respect to any fiscal year of the Company and for which the grant of such Award is subject to the attainment of Performance Goals in accordance with Section 12.2(c) herein which may be granted under this Plan with respect to any fiscal year of the Company to each Eligible Employee or Consultant shall be \$10,000,000.

(vi) The individual Participant limitations set forth in this Section 4.1(b) shall be cumulative; that is, to the extent that shares of Common Stock for which Awards are permitted to be granted to an Eligible Employee or a Consultant during a fiscal year are not covered by an Award to such Eligible Employee or Consultant in a fiscal year, the number of shares of Common Stock available for Awards to such Eligible Employee or Consultant shall automatically increase in the subsequent fiscal years during the term of the Plan until used.

4.2 Changes.

- (a) The existence of this Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.
- (b) Subject to the provisions of Section 4.2(d), if there shall occur any such change in the capital structure of the Company by reason of any stock split, reverse stock split, stock dividend, subdivision, combination or reclassification of shares that may be issued under the Plan, any recapitalization, any merger, any consolidation, any spin off, any reorganization or any partial or complete liquidation, or any other corporate transaction or event having an effect similar to any of the foregoing (a "Section 4.2 Event"), then (i) the aggregate number and/or kind of shares that thereafter may be issued under the Plan, (ii) the number and/or kind of shares or other property (including cash) to be issued upon exercise of an outstanding Award or under other Awards granted under the Plan, (iii) the purchase price thereof, and/or (iv) the individual Participant limitations set forth in Section 4.1(b) (other than those based on cash limitations) shall be appropriately adjusted. In addition, subject to Section 4.2(d), if there shall occur any change in the capital structure or the business of the Company that is not a Section 4.2 Event (an "Other Extraordinary Event"), including by reason of any extraordinary dividend (whether cash or stock), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable

into, or exercisable for, any class of stock, or any sale or transfer of all or substantially all the Company's assets or business, then the Committee, in its sole discretion, may adjust any Award and make such other adjustments to the Plan. Any adjustment pursuant to this Section 4.2 shall be consistent with the applicable Section 4.2 Event or the applicable Other Extraordinary Event, as the case may be, and in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Except as expressly provided in this Section 4.2 or in the applicable Award agreement, a Participant shall have no rights by reason of any Section 4.2 Event or any Other Extraordinary Event.

- (c) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.
- (d) In the event of an Acquisition Event, the Committee may, in its sole discretion, terminate all outstanding and unexercised Stock Options or Stock Appreciation Rights or any Other Stock Based Award that provides for a Participant-elected exercise effective as of the date of the Acquisition Event, by delivering notice of termination to each Participant at least 20 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of his or her vested Stock Options or Stock Appreciation Rights that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Award agreements), but any such exercise shall be contingent on the occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.

If an Acquisition Event occurs but the Committee does not terminate the outstanding Awards pursuant to this Section 4.2(d), the provisions of Section 4.2(b) and Article XIV shall apply.

4.3 Minimum Purchase Price. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY – GENERAL REQUIREMENTS FOR AWARDS

5.1 General Eligibility. All Eligible Employees, Consultants, Non-Employee Directors and prospective employees and consultants are eligible to be granted Awards, subject to the terms and conditions of this Plan. Eligibility for the grant of Awards and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.2 Incentive Stock Options. Notwithstanding anything herein to the contrary, only Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under this Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.3 General Requirement. The vesting and exercise of Awards granted to a prospective employee or consultant are conditioned upon such individual actually becoming an Eligible Employee or Consultant.

5.4 Issuance of Shares. Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such shares shall comply with all applicable laws, and shall be further subject to the approval of the Company with respect to such compliance. As a condition of the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, as determined by the Company, such a representation is required by any applicable law.

ARTICLE VI

STOCK OPTIONS

6.1 Options. Stock Options may be granted alone or in addition to other Awards granted under this Plan. Each Stock Option granted under this Plan shall be of one of two types: (a) an Incentive Stock Option or (b) a Non-Qualified Stock Option.

6.2 Grants. The Committee shall, in its sole discretion, have the authority to grant to any Eligible Employee (subject to Section 5.2) Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options, and shall designate the type or types of option in the Award. The Committee shall, in its sole discretion, have the authority to grant Non-Qualified Stock Options to any Consultant or Non-Employee Director. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not qualify shall constitute a separate Non-Qualified Stock Option. If the Stock Option does not specify whether it is an Incentive Stock Option in whole or part, the Stock Option shall be a Non-Qualified Stock Option.

6.3 Terms of Options. Options granted under this Plan shall be subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee, in its sole discretion, shall deem desirable:

- (a) **Exercise Price.** The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant, provided that the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value of the Common Stock at the time of grant.
- (b) **Stock Option Term.** The term of each Stock Option shall be fixed by the Committee, provided that no Stock Option shall be exercisable more than seven (7) years after the date the Option is granted; and provided further that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed five (5) years.
- (c) **Exercisability.** (i) Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant.

(ii) Notwithstanding any other provision of this Plan to the contrary, the vesting period with respect to any Option Award shall be no less than (A) one year, if the vesting is based (in whole or in part) on the attainment of one or more Performance Goals, and (B) three years, if the vesting is based solely on the continued performance of services by the Participant (with vesting as to no more than one-third of the shares of Common Stock subject thereto on each of the first three anniversaries of the date of grant).

(iii) Subject to the limitations set forth in Section 4.1(b), the Committee shall be authorized (at the time of grant or thereafter) to provide for earlier vesting in the event of a Participant's Retirement, death or Disability.

Option Awards may be granted without the foregoing limitations with respect to up to 5% (when combined with the 5% limitation set forth in Sections 4.1(b)(ii), 8.3(a)(iv), 9.3(c), 10.2(f) and 11.2(c) of this Plan) of the total number of shares of Common Stock reserved for Awards under this Plan.

- (d) **Method of Exercise.** Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, to the extent vested, Stock Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company specifying the number of shares of Common Stock to be purchased. Such notice shall be in a form acceptable to the Company and shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law, if the Common Stock is traded on The Nasdaq Stock Market or another national securities exchange

or quoted in the over-the-counter market, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price; (iii) by cashless exercise; or (iv) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, payment in full or in part in the form of delivery of Common Stock owned by the Participant based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee, in its sole discretion). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

- (e) Non-Transferability of Options. No Stock Option shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine, in its sole discretion, at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Section is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as determined by the Committee, in its sole discretion. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred otherwise than by will or by the laws of descent and distribution and (ii) remains subject to the terms of this Plan and the applicable Award agreement. Any shares of Common Stock acquired upon the exercise of a Non-Qualified Stock Option by a permissible transferee of a Non-Qualified Stock Option or a permissible transferee pursuant to a Transfer after the exercise of the Non-Qualified Stock Option shall be subject to the terms of this Plan and the applicable Award agreement.
- (f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. Should any provision of this Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may, in its sole discretion, amend this Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.
- (g) Form, Modification, Extension and Renewal of Stock Options. Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may, in its sole discretion (i) modify or extend outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without his or her consent and provided further that such action does not

subject the Stock Options to tax under Section 409A of the Code), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

- (h) Early Exercise. The Committee may provide that a Stock Option include a provision whereby the Participant may elect at any time before the Participant's Termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option, and such shares shall be subject to the provisions of Article VIII and treated as Restricted Stock. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.
- (i) Other Terms and Conditions. Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of this Plan, as the Committee shall, in its sole discretion, deem appropriate.

ARTICLE VII

STOCK APPRECIATION RIGHTS

7.1 Tandem Stock Appreciation Rights. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option (a "Reference Stock Option") granted under this Plan ("Tandem Stock Appreciation Rights"). In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Reference Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Reference Stock Option.

7.2 Terms and Conditions of Tandem Stock Appreciation Rights. Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of this Plan, as shall be determined from time to time by the Committee in its sole discretion, and the following:

- (a) Base Price. The exercise price per share of Common Stock subject to a Tandem Stock Appreciation Right shall be determined by the Committee at the time of grant, provided that the per share base price of a Tandem Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant.

- (b) Term. A Tandem Stock Appreciation Right or applicable portion thereof granted with respect to a Reference Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the Reference Stock Option, except that, unless otherwise determined by the Committee, in its sole discretion, at the time of grant, a Tandem Stock Appreciation Right granted with respect to less than the full number of shares covered by the Reference Stock Option shall not be reduced until and then only to the extent the exercise or termination of the Reference Stock Option causes the number of shares covered by the Tandem Stock Appreciation Right to equal or exceed the number of shares remaining available and unexercised under the Reference Stock Option.
- (c) Exercisability. Tandem Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Reference Stock Options to which they relate shall be exercisable in accordance with the provisions of Article VI, and shall be subject to the provisions of Section 6.3(c).
- (d) Method of Exercise. A Tandem Stock Appreciation Right may be exercised by the Participant by surrendering the applicable portion of the Reference Stock Option. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 7.2. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the related Tandem Stock Appreciation Rights have been exercised.
- (e) Payment. Upon the exercise of a Tandem Stock Appreciation Right, a Participant shall be entitled to receive up to, but no more than, an amount in cash or a number of shares of Common Stock (as determined by the Committee, in its sole discretion, on the date of grant) equal in value to the excess of the Fair Market Value of one share of Common Stock over the Option exercise price per share specified in the Reference Stock Option agreement, multiplied by the number of shares in respect of which the Tandem Stock Appreciation Right shall have been exercised.
- (f) Deemed Exercise of Reference Stock Option. Upon the exercise of a Tandem Stock Appreciation Right, the Reference Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Article IV of the Plan on the number of shares of Common Stock to be issued under the Plan.
- (g) Non-Transferability. Tandem Stock Appreciation Rights shall be Transferable only when and to the extent that the underlying Stock Option would be Transferable under Section 6.3(e) of the Plan.

7.3 Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights may also be granted without reference to any Stock Options granted under this Plan.

7.4 Terms and Conditions of Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not

inconsistent with the provisions of this Plan, as shall be determined from time to time by the Committee in its sole discretion, and the following:

- (a) Exercise Price. The base price per share of Common Stock subject to a Non-Tandem Stock Appreciation Right shall be determined by the Committee at the time of grant, provided that the per share base price of a Non-Tandem Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant.
- (b) Term. The term of each Non-Tandem Stock Appreciation Right shall be fixed by the Committee, but shall not be greater than 7 years after the date the right is granted.
- (c) Exercisability. Non-Tandem Stock Appreciation Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. Notwithstanding any other provision of this Plan to the contrary, the vesting period with respect to any such right shall be no less than (A) one year, if the vesting is based (in whole or in part) on the attainment of one or more Performance Goals, and (B) three years, if the vesting is based solely on the continued performance of services by the Participant (with vesting as to no more than one-third of the shares of Common Stock subject thereto on each of the first three anniversaries of the date of grant).
- (d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, Non-Tandem Stock Appreciation Rights may be exercised in whole or in part at any time in accordance with the applicable Award agreement, by giving written notice of exercise to the Company specifying the number of Non-Tandem Stock Appreciation Rights to be exercised.
- (e) Payment. Upon the exercise of a Non-Tandem Stock Appreciation Right, a Participant shall be entitled to receive, for each right exercised, up to, but no more than, an amount in cash or a number of shares of Common Stock (as determined by the Committee, in its sole discretion, on the date of grant) equal in value to the excess of the Fair Market Value of one share of Common Stock on the date the right is exercised over the Fair Market Value of one share of Common Stock on the date the right was awarded to the Participant.
- (f) Non-Transferability. No Non-Tandem Stock Appreciation Rights shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution, and all such rights shall be exercisable, during the Participant's lifetime, only by the Participant.

7.5 Limited Stock Appreciation Rights. The Committee may, in its sole discretion, grant Tandem and Non-Tandem Stock Appreciation Rights either as a general Stock Appreciation Right or as a Limited Stock Appreciation Right. Limited Stock Appreciation Rights may be exercised only upon the occurrence of a Change in Control or such other event as the Committee may, in its sole discretion, designate at the time of grant or thereafter. Upon the exercise of Limited

Stock Appreciation Rights, except as otherwise provided in an Award agreement, the Participant shall receive in cash or Common Stock, as determined by the Committee, an amount equal to the amount (a) set forth in Section 7.2(e) with respect to Tandem Stock Appreciation Rights, or (b) set forth in Section 7.4(e) with respect to Non-Tandem Stock Appreciation Rights, as applicable.

ARTICLE VIII

RESTRICTED STOCK

8.1 Awards of Restricted Stock. Shares of Restricted Stock may be issued either alone or in addition to other Awards granted under the Plan. The Committee shall, in its sole discretion, determine the Eligible Employees, Consultants and Non-Employee Directors, to whom, and the time or times at which, grants of Restricted Stock shall be made, the number of shares to be awarded, the price (if any) to be paid by the Participant (subject to Section 8.2), the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards. The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance targets (including, the Performance Goals specified in Exhibit A attached hereto) or such other factors as the Committee may determine, in its sole discretion.

8.2 Awards and Certificates. Eligible Employees, Consultants and Non-Employee Directors selected to receive Restricted Stock shall not have any rights with respect to such Award, unless and until such Participant has delivered a fully executed copy of the agreement evidencing the Award to the Company and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

- (a) Purchase Price. The purchase price of Restricted Stock, if any, shall be fixed by the Committee. Subject to Section 4.3, the purchase price for shares of Restricted Stock may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.
- (b) Acceptance. Awards of Restricted Stock must be accepted within a period of 60 days (or such other period as the Committee may specify) after the grant date, by execution of a Restricted Stock agreement and by payment of the purchase price (if any) the Committee has designated thereunder.
- (c) Legend. Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

“The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Steven Madden, Ltd. 2019 Stock Incentive Plan and an agreement entered into between the registered owner and the Company dated _____. Copies of such Plan and agreement are on file at the principal office of the Company.”

- (d) Custody. If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such Award.

8.3 Restrictions and Conditions. The shares of Restricted Stock awarded pursuant to this Plan shall be subject to the following restrictions and conditions:

- (a) Restriction Period. (b) *General*. The Participant shall not be permitted to Transfer shares of Restricted Stock awarded under this Plan during the period or periods set by the Committee (the “Restriction Period”) commencing on the date of such Award, as set forth in a Restricted Stock Award agreement, and such agreement shall set forth a vesting schedule and any events which would accelerate vesting of the shares of Restricted Stock. Within those limits, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of Restricted Stock.

- (i) *Objective Performance Goals, Formulae or Standards*. If the grant of shares of Restricted Stock or the lapse of restrictions is based on the attainment of Performance Goals, the Committee shall establish the Performance Goals and the applicable vesting percentage of the Restricted Stock Award applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as otherwise determined by the Committee. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. The applicable Performance Goals shall be based on one or more of the performance criteria set forth in Exhibit A hereto or such other criteria as the Committee may determine from time to time.

- (ii) *Limitations*. Notwithstanding any other provision of this Plan to the contrary, the Restriction Period with respect to any Restricted Stock Award shall be no less than (A) one year, if the lapsing of restrictions is based (in whole or in part) on the attainment of one or more Performance Goals, and (B) three years, if the lapsing of restrictions is based solely on the continued performance of services by the Participant (with restrictions as to no more than one-third of the shares of Common

Stock subject thereto lapsing on each of the first three anniversaries of the date of grant).

(iii) *Acceleration.* Subject to the terms of this Plan, the Committee shall be authorized (at the time of grant or thereafter) to provide for the earlier lapsing of restrictions in the event of a Participant's Retirement, death or Disability.

Subject to the limitations set forth in Section 4.1(b), Restricted Stock Awards may be granted without the foregoing limitations with respect to up to 5% (when combined with the 5% limitation set forth in Sections 4.1(b)(ii), 6.3(c), 9.3(c), 10.2(f) and 11.2(c) of this Plan) of the total number of shares of Common Stock reserved for Awards under this Plan.

- (c) Rights as a Stockholder. Except as provided in this subsection (b) and subsection (a) above and as otherwise determined by the Committee, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company including, without limitation, the right to receive any dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares. The Committee may, in its sole discretion, determine at the time of grant that dividends shall be accumulated and payment deferred until, and conditioned upon, the expiration of the applicable Restriction Period.
- (d) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other limitations imposed by the Committee.

ARTICLE IX

RESTRICTED STOCK UNITS

9.1 Award of Restricted Stock Units. Restricted Stock Units may be granted either alone or in addition to other Awards granted under the Plan. The Committee shall, in its sole discretion, determine the Eligible Employees, Consultants and Non-Employee Directors, to whom, and the time or times at which, Restricted Stock Units shall be awarded, the number of Restricted Stock Units to be awarded, the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards. The Committee may condition the grant or vesting of Restricted Stock Units upon the attainment of specified performance targets (including, the Performance Goals specified in Exhibit A attached hereto) or such other factors as the Committee may determine, in its sole discretion.

9.2 Nature of Award. An award of a Restricted Stock Unit conveys a right to payment of Common Stock or the cash value of Common Stock after the date on which the Award is granted and subject to such conditions, including vesting and performance conditions, as the Committee may determine.

9.3 Vesting and Performance Conditions.

- (a) General. Restricted Stock Units shall be subject to such limits and conditions as are set forth in an Award Agreement, which shall set forth a vesting schedule and any events which would accelerate vesting of the Restricted Stock Units. Notwithstanding any other provision of this Plan to the contrary, the vesting period with respect to any Restricted Stock Unit shall be no less than (A) one year, if the vesting is based (in whole or in part) on the attainment of one or more Performance Goals, and (B) three years, if the vesting is based solely on the continued performance of services by the Participant (with vesting as to no more than one-third of the shares of Common Stock subject thereto on each of the first three anniversaries of the date of grant.
- (b) Objective Performance Goals, Formulae or Standards. If the grant or vesting of Restricted Stock Units is based on the attainment of Performance Goals, the Committee shall establish the Performance Goals and the applicable vesting percentage of the Restricted Stock Unit Award applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as otherwise determined by the Committee. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. The applicable Performance Goals shall be based on one or more of the performance criteria set forth in Exhibit A hereto or such other criteria as the Committee may determine from time to time.
- (c) Acceleration. Subject to the terms of this Plan, the Committee shall be authorized (at the time of grant or thereafter) to provide for the earlier lapsing of restrictions in the event of a Participant's Retirement, death or Disability.

Subject to the limitations set forth in Section 4.1(b), Restricted Stock Unit Awards may be granted without the foregoing limitations with respect to up to 5% (when combined with the 5% limitation set forth in Sections 4.1(b)(ii), 6.3(c), 8.3(a)(iv), 10.2(f) and 11.2(c) of this Plan) of the total number of shares of Common Stock reserved for Awards under this Plan.

9.4 Form and Timing of Payment. Except as otherwise provided under the terms of the Plan or a Participant's Award agreement, payment of Restricted Stock Units shall be made at a specified settlement date that shall not be earlier than the last day of the vesting or restriction period. The Committee, in its sole discretion, may pay Restricted Stock Units by delivery of a number of shares of Common Stock or by payment in cash in an amount equal to the Fair Market Value of

such Common Stock, or a combination thereof. The Committee may provide that settlement of Restricted Stock Units shall be deferred further, on a mandatory basis or at the election of the Participant.

9.5 Rights as a Shareholder. A Participant shall not have the rights of a shareholder until and unless the Award of a Restricted Stock Unit has been settled by the issuance of shares of Common Stock to the Participant. At the discretion of the Committee, Restricted Stock Units granted pursuant to the Plan may provide Participants with the right to receive dividend equivalents, which may be paid currently or credited to an account for the Participant, and which may be settled in Common Stock or cash, as determined by the Committee in its sole discretion, subject in each case to such terms and conditions as the Committee may establish, which may differ from the terms and conditions applicable to shares of Common Stock payable under the Restricted Stock Unit. The Committee shall not be under any obligation to pay dividend equivalents.

ARTICLE X

PERFORMANCE SHARES

10.1 Award of Performance Shares. Performance Shares may be awarded either alone or in addition to other Awards granted under this Plan. The Committee shall, in its sole discretion, determine the Eligible Employees, Consultants and Non-Employee Directors, to whom, and the time or times at which, Performance Shares shall be awarded, the number of Performance Shares to be awarded to any person, the Performance Period during which, and the conditions under which, receipt of the Shares will be deferred, and the other terms and conditions of the Award in addition to those set forth in Section 10.2.

Except as otherwise provided herein, the Committee shall condition the right to payment of any Performance Share upon the attainment of specified objective performance goals (including, the Performance Goals specified in Exhibit A attached hereto) established pursuant to Section 10.2(c) below and such other factors as the Committee may determine, in its sole discretion.

10.2 Terms and Conditions. Performance Shares awarded pursuant to this Article X shall be subject to the following terms and conditions:

- (a) **Earning of Performance Share Award.** At the expiration of the applicable Performance Period, the Committee shall determine the extent to which the Performance Goals established pursuant to Section 10.2(c) are achieved and the percentage of each Performance Share Award that has been earned.
- (b) **Non-Transferability.** Subject to the applicable provisions of the Award agreement and this Plan, Performance Shares may not be Transferred during the Performance Period.

- (c) Objective Performance Goals, Formulae or Standards. The Committee shall establish the objective Performance Goals for the earning of Performance Shares based on a Performance Period applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as the Committee shall determine. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. The applicable Performance Goals shall be based on one or more of the performance criteria set forth in Exhibit A hereto or such other performance criteria as the Committee shall establish.
- (d) Dividends. Unless otherwise determined by the Committee at the time of grant, amounts equal to any dividends declared during the Performance Period with respect to the number of shares of Common Stock covered by a Performance Share will not be paid to the Participant.
- (e) Payment. Following the Committee's determination in accordance with subsection (a) above, shares of Common Stock or, as determined by the Committee in its sole discretion, the cash equivalent of such shares shall be delivered to the Eligible Employee, Consultant or Non-Employee Director, or his legal representative, in an amount equal to such individual's earned Performance Shares. Notwithstanding the foregoing, the Committee may, in its sole discretion, award an amount less than the earned Performance Shares and/or subject the payment of all or part of any Performance Shares to additional vesting, forfeiture and deferral conditions as it deems appropriate.
- (f) Vesting.
- (i) *General.* The Award agreement shall set forth a vesting schedule and any events which would accelerate vesting of the Performance Share Award. The vesting schedule with respect to any Performance Share Award shall be no less than one year and shall be based in whole or in part on the attainment of one or more Performance Goals.
- (ii) *Acceleration.* Subject to the terms of this Plan, the Committee shall be authorized (at the time of grant or thereafter) to provide for the earlier lapsing of restrictions in the event of a Participant's Retirement, death or Disability.

Subject to the limitations set forth in Section 4.1(b), Performance Share Awards may be granted without the foregoing limitations with respect to up to 5% (when combined with the 5% limitation set forth in Sections 4.1(b)(ii), 6.3(c), 8.3(a)(iv), 9.3(c), and 11.2(c) of this Plan) of the total number of shares of Common Stock reserved for Awards under this Plan.

ARTICLE XI

OTHER STOCK-BASED AWARDS

11.1 Other Awards. The Committee, in its sole discretion, is authorized to grant to Eligible Employees, Consultants and Non-Employee Directors Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock, including, but not limited to, shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, performance units, dividend equivalent units, stock equivalent units, restricted stock units and deferred stock units. To the extent permitted by law, the Committee may, in its sole discretion, permit Eligible Employees and/or Non-Employee Directors to defer all or a portion of their cash compensation in the form of Other Stock-Based Awards granted under this Plan, subject to the terms and conditions of any deferred compensation arrangement established by the Company, which shall be intended to comply with Section 409A of the Code. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under the Plan.

Subject to the provisions of this Plan, the Committee shall, in its sole discretion, have authority to determine the Eligible Employees, Consultants and Non-Employee Directors, to whom, and the time or times at which, such Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Common Stock under such Awards upon the completion of a specified Performance Period.

The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of specified Performance Goals set forth on Exhibit A as the Committee may determine, in its sole discretion.

11.2 Terms and Conditions. Other Stock-Based Awards made pursuant to this Article XII shall be subject to the following terms and conditions:

- (a) Non-Transferability. Subject to the applicable provisions of the Award agreement and this Plan, shares of Common Stock subject to Awards made under this Article XI may not be Transferred prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.
- (b) Dividends. Unless otherwise determined by the Committee at the time of Award, subject to the provisions of the Award agreement and this Plan, the recipient of an Award under this Article XI shall not be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the number of shares of Common Stock covered by the Award.
- (c) Vesting.

(i) *General.* The vesting schedule with respect to any Award shall be no less than (A) one year, if the vesting period is based (in whole or in part) on the attainment of one or more Performance Goals, and (B) three years, if the vesting period is based solely on the continued performance of services by the Participant (with restrictions as to no more than one-third of the shares of Common Stock subject thereto lapsing on each of the first three anniversaries of the date of grant).

(ii) *Acceleration.* Subject to the terms of this Plan, the Committee shall be authorized (at the time of grant or thereafter) to provide for the earlier lapsing of restrictions in the event of a Change in Control or a Participant's Retirement, death or Disability.

Subject to the limitations set forth in Section 4.1(b), Other Stock-Based Awards may be granted without the foregoing limitations with respect to up to 5% (when combined with the 5% limitation set forth in Sections 4.1(b) (ii), 6.3(c), 8.3(a)(iv), 9.3(c), and 10.2(f) of this Plan) of the total number of shares of Common Stock reserved for Awards under this Plan.

- (d) Price. Common Stock issued on a bonus basis under this Article XI may be issued for no cash consideration; Common Stock purchased pursuant to a purchase right awarded under this Article XI shall be priced, as determined by the Committee in its sole discretion.
- (e) Payment. The form of payment for the Other Stock-Based Award shall be specified in the Award agreement.

ARTICLE XII

PERFORMANCE-BASED CASH AWARDS

12.1 Performance-Based Cash Awards. Performance-Based Cash Awards may be granted either alone or in addition to or in tandem with Stock Options, Stock Appreciation Rights, or Restricted Stock. Subject to the provisions of this Plan, the Committee shall, in its sole discretion, have authority to determine the Eligible Employees, Consultants and Non-Employee Directors to whom, and the time or times at which, such Awards shall be made, the dollar amount to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the payment of dollar amount under such Awards upon the completion of a specified Performance Period.

For each Participant, the Committee may specify a targeted performance award. The individual target award may be expressed, at the Committee's discretion, as a fixed dollar amount, a percentage of base pay or total pay (excluding payments made under the Plan), or an amount determined pursuant to an objective formula or standard. Establishment of an individual target award for a Participant for a calendar year shall not imply or require that the same level individual target award

(if any such award is established by the Committee for the relevant Participant) be set for any subsequent calendar year. At the time the Performance Goals are established, the Committee shall prescribe a formula to determine the percentages (which may be greater than 100%) of the individual target award which may be payable based upon the degree of attainment of the Performance Goals during the calendar year. Notwithstanding anything else herein, the Committee may, in its sole discretion, elect to pay a Participant an amount that is less than the Participant's individual target award (or attained percentage thereof) regardless of the degree of attainment of the Performance Goals; provided that no such discretion to reduce an Award earned based on achievement of the applicable Performance Goals shall be permitted for the calendar year in which a Change in Control of the Company occurs, or during such calendar year with regard to the prior calendar year if the Awards for the prior calendar year have not been made by the time of the Change in Control of the Company, with regard to individuals who were Participants at the time of the Change in Control of the Company.

12.2 Terms and Conditions. Performance-Based Cash Awards made pursuant to this Article XII shall be subject to the following terms and conditions:

- (a) Vesting of Performance-Based Cash Award. (i) *General.* The vesting schedule with respect to any Performance Share Award shall be no less than one year, and shall be based in whole or in part on the attainment of one or more Performance Goals.

(ii) *Waiver of Limitation.* The Committee shall be authorized (at the time of grant or thereafter) to provide for earlier vesting in the event of a Participant's Retirement, death or Disability.
- (b) Objective Performance Goals, Formulae or Standards.

(i) The Committee shall establish the objective Performance Goals and the individual target award (if any) applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as the Committee may determine. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. The applicable Performance Goals shall be based on one or more of the performance criteria set forth in Exhibit A hereto or such other performance criteria as the Committee shall establish.

(ii) The measurements used in Performance Goals set under the Plan shall be determined in accordance with Accounting Principles Generally Accepted in the United States of America ("GAAP") except, to the extent that any objective Performance Goals are used, if any measurements require deviation from GAAP, such deviation shall be at the discretion of the Committee at the time the Performance Goals are set or at such later time to the extent determined by the Committee.

- (c) Payment. Following the Committee's determination and certification in accordance with subsection (a) above, the Performance-Based Cash Award amount shall be delivered to the Eligible Employee, Consultant or Non-Employee Director, or his legal representative, in accordance with the terms and conditions of the Award agreement. If the Award agreement does not provide when such amount will be paid, except as provided in the next sentence, such amount shall be paid by no later than the later of: (i) March 15 of the year following the year in which the applicable Performance Period ends; or (ii) two and one-half (2½) months after the expiration of the fiscal year of the Company in which the applicable Performance Period ends. Notwithstanding the foregoing, the Committee may place such conditions on the payment of the payment of all or any portion of any Performance-Based Cash Award as the Committee may determine and the Committee may (x) provide that the payment of all or any portion of any Performance-Based Cash Award shall be deferred and (y) permit a Participant to elect to defer receipt of all or a portion of any Performance-Based Cash Award. To the extent applicable, any deferral under this Section 12.2(d) shall be made in a manner intended to comply with the applicable requirements of Section 409A of the Code.

ARTICLE XIII

TERMINATION

13.1 Termination. The following rules apply with regard to the Termination of the Participant's service.

- (a) Rules Applicable to Stock Options and Stock Appreciation Rights. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant are reduced, thereafter):
- (i) *Termination by Reason of Retirement, Death, or Disability.* If a Participant's Termination is by reason of the Participant's Retirement, death or Disability, all Stock Options or Stock Appreciation Rights that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a one-year period from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options or Stock Appreciation Rights; provided, however, if the Participant dies within such exercise period, all unexercised Stock Options or Stock Appreciation Rights held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options or Stock Appreciation Rights.

(ii) *Involuntary Termination Without Cause.* If a Participant's Termination is by involuntary termination without Cause, all Stock Options or Stock Appreciation Rights that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of 90 days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options or Stock Appreciation Rights.

(iii) *Voluntary Termination.* If a Participant's Termination is voluntary (other than a voluntary termination described in Section 13.2(a)(iv)(2) below), all Stock Options or Stock Appreciation Rights that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of 30 days from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options or Stock Appreciation Rights.

(iv) *Termination for Cause.* If a Participant's Termination: (1) is for Cause or (2) is a voluntary Termination (as provided in sub-section (iii) above) after the occurrence of an event that would be grounds for a Termination for Cause, all Stock Options or Stock Appreciation Rights, whether vested or not vested, that are held by such Participant shall thereupon terminate and expire as of the date of such Termination.

(v) *Unvested Stock Options and Stock Appreciation Rights.* Stock Options or Stock Appreciation Rights that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire as of the date of such Termination.

(b) Rules Applicable to Restricted Stock, Restricted Stock Units, Performance Shares, Other Stock-Based Awards and Performance-Based Cash Awards. Unless otherwise determined by the Committee at grant or thereafter, and except as otherwise provided in Article XIV, upon a Participant's Termination for any reason: (i) during the relevant Restriction Period, all Restricted Stock still subject to restriction shall be forfeited; and (ii) any unvested Restricted Stock Units, Performance Shares, Other Stock-Based Awards or Performance-Based Cash Awards shall be forfeited.

ARTICLE XIV

CHANGE IN CONTROL

14.1 Treatment of Awards. Notwithstanding any other provision of the Plan to the contrary, in the event of a Change in Control:

(a) If and to the extent that a successor to the Company converts, assumes, substitutes or replaces an Award, the vesting restrictions and/or forfeiture provisions applicable to such

Award shall not be accelerated or lapse, and all such vesting restrictions and/or forfeiture provisions shall continue with respect to any shares of the successor or other consideration that may be received with respect to such Award; provided, however, that if the Participant's employment or other service is terminated, other than for Cause, within 12 months coincident with or immediately following such Change in Control, any unvested Awards shall become fully vested and exercisable upon such termination of employment or other service.

(b) If and to the extent that such Awards are not converted, assumed, substituted for or replaced by a successor to the Company, Participants will receive an amount equal to the consideration per share of Common Stock in such Change in Control (or, in the case of an Appreciation Award, the consideration per share of Common Stock minus the exercise price or base price of such Award).

14.2 Assumption. For the purposes of this Article XIV, an Award shall be considered converted, assumed, substituted for or replaced by a successor if following the Change in Control the option or right confers the right to purchase or receive, for each share of Common Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the Change in Control by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor, the Committee may, with the consent of the successor, provide for the consideration to be received pursuant to the Award, for each share of Common Stock subject thereto, to be solely common stock of the successor substantially equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee, and its determination shall be conclusive and binding.

14.3 Change in Control. Unless otherwise determined by the Committee in the applicable Award agreement (or other written agreement approved by the Committee including, without limitation, an employment agreement), a "Change in Control" shall be deemed to occur following any transaction if: (a) any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the combined voting power of the then outstanding securities of the Company (or its successor corporation); provided, however, that a merger or consolidation effected solely to implement a recapitalization of the Company shall not constitute a Change in Control of the Company; or (b) the stockholders of the Company approve a plan of complete liquidation of the Company; provided, that this subsection (b) shall not constitute a Change in Control with respect to the amount of any payment pursuant to an Award under this Plan, or any portion thereof, that is triggered upon a Change in Control and that is intended to constitute "non-qualified deferred compensation" pursuant to Section 409A of the Code; or (c) the consummation of the sale or disposition by the Company of all or substantially all of the Company's

assets other than (i) the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale or (ii) pursuant to a spinoff-type transaction, directly or indirectly, of such assets to the stockholders of the Company (as further addressed by Section 4.2(b)).

ARTICLE XV

TERMINATION OR AMENDMENT OF PLAN

15.1 Termination or Amendment. Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan, or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant and, provided further, that without the approval of the stockholders of the Company in accordance with the laws of the State of Delaware, to the extent required by the applicable provisions of Rule 16b-3, pursuant to the requirements of Nasdaq Rule 5635(c) or such other applicable stock exchange rule, or, to the extent applicable to Incentive Stock Options under Section 422 of the Code, no amendment may be made which would:

- (a) increase the aggregate number of shares of Common Stock that may be issued under this Plan pursuant to Section 4.1 (except by operation of Section 4.2);
- (b) increase the maximum individual Participant limitations for a fiscal year under Section 4.1(b) (except by operation of Section 4.2);
- (c) change the classification of Eligible Employees or Consultants eligible to receive Awards under this Plan;
- (d) decrease the minimum option price of any Stock Option or Stock Appreciation Right;
- (e) extend the maximum option period under Section 6.3;
- (f) other than adjustments or substitutions in accordance with Section 4.2, amend the terms of outstanding Awards to reduce the exercise price or base amount of outstanding Stock Options or Stock Appreciation Rights or to cancel outstanding Stock Options or Stock Appreciation Rights in exchange for cash, other Awards or Stock Options or Stock Appreciation Rights with an exercise price or base amount that is less than the exercise price or base amount of the original Stock Options or Stock Appreciation Rights;
- (g) award any Stock Option or Stock Appreciation Right in replacement of a canceled Stock Option or Stock Appreciation Right with a higher exercise price, except in accordance with Section 6.3(g); or

- (h) require stockholder approval in order for this Plan to continue to comply with the applicable provisions of Section 422 of the Code.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE XVI

UNFUNDED PLAN

16.1 Unfunded Status of Plan. This Plan is an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XVII

GENERAL PROVISIONS

17.1 Legend. The Committee may require each person receiving shares of Common Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by this Plan, the certificates for such shares may include any legend that the Committee, in its sole discretion, deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may, in its sole discretion, deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, The Nasdaq Stock Market or any other national securities exchange system upon whose system the Common Stock is then quoted, any applicable federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

17.2 Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

17.3 No Right to Employment/Directorship/Consultancy. Neither this Plan nor the grant of any Option or other Award hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate his or her employment, consultancy or directorship at any time.

17.4 Tax Withholding. The Company shall have the right to deduct from any payment to be made pursuant to this Plan, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any federal, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company. Any statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the advance consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

17.5 No Assignment of Benefits. No Award or other benefit payable under this Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

17.6 Listing and Other Conditions.

- (a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or quoted in the over-the-counter market, the issuance of any shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed on such exchange or quoted in such market. The Company shall have no obligation to issue such shares unless and until such shares are so listed or quoted, and the right to exercise any Option or other Award with respect to such shares shall be suspended until such listing has been effected.
- (b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to shares of Common Stock or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said

counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

- (c) Upon termination of any period of suspension under this Section 17.6, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.
- (d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

17.7 Governing Law. This Plan and actions taken in connection herewith shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

17.8 Construction. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

17.9 Other Benefits. No Award granted or paid out under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

17.10 Costs. The Company shall bear all expenses associated with administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

17.11 No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

17.12 Death/Disability. The Committee may in its sole discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may, in its discretion, also require the agreement of the transferee to be bound by all of the terms and conditions of the Plan.

17.13 Section 16(b) of the Exchange Act. All elections and transactions under this Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may, in its sole discretion, establish and adopt written administrative guidelines, designed to facilitate

compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of this Plan and the transaction of business thereunder.

17.14 Section 409A of the Code. The Company does not guarantee the particular tax treatment of an Award granted under this Plan. Awards made under this Plan are intended to comply with, or be exempt from, the applicable requirements of Section 409A of the Code and this Plan, and any Award agreement hereunder shall be limited, construed and interpreted in accordance with such intent. In no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

17.15 Successor and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

17.16 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

17.17 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

17.18 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

17.19 Effect of Prior Plan. All awards under the Prior Plan shall remain subject to the terms of the Prior Plan and any agreement under which such Award was granted; provided, however, that no award under the Prior Plan that was limited by the application of Section 162(m) shall be subject to the application of negative discretion after December 31, 2018.

ARTICLE XVIII

EFFECTIVE DATE OF PLAN

The Plan is was adopted by the Board on February 25, 2019, and approved by the stockholders of the Company on May 24, 2019. The Effective Date is the date on which the Board adopted the Plan, subject to stockholder approval within 12 months following the date on which the Board approved the Plan.

ARTICLE XIX

TERM OF PLAN

No Award shall be granted pursuant to this Plan on or after the tenth anniversary of initial Board approval, as further set forth in Article XVIII, but Awards granted before that date may extend beyond that date.

ARTICLE XX

NAME OF PLAN

This Plan shall be known as “The Steven Madden, Ltd. 2019 Incentive Compensation Plan.”

EXHIBIT A

PERFORMANCE GOALS

1. Performance goals established for purposes of the grant or vesting of Awards shall be based on the attainment of certain target levels of, or a specified increase or decrease (as applicable) in one or more of the following performance goals (“Performance Goals”):
 - (a) earnings per share;
 - (b) operating income;
 - (c) net income;
 - (d) cash flow;
 - (e) gross profit;
 - (f) gross profit return on investment;
 - (g) gross margin return on investment;
 - (h) gross margin;
 - (i) working capital;
 - (j) earnings before interest and taxes;
 - (k) earnings before interest, tax, depreciation and amortization;
 - (l) return on equity;
 - (m) return on assets;
 - (n) return on capital;
 - (o) revenue growth;
 - (p) total shareholder return;
 - (q) economic value added;
 - (r) specified objectives with regard to limiting the level of increase in all or a portion of the Company’s bank debt or other long-term or short-term public or private debt or other similar financial obligations of the Company, which may be calculated net of cash balances and/or other offsets and adjustments as may be established by the Committee in its sole discretion;

- (s) the Fair Market Value of the shares of the Company's Common Stock;
- (t) the growth in the value of an investment in the Company's Common Stock assuming the reinvestment of dividends;
- (u) reduction in expenses;
- (v) customer satisfaction;
- (w) customer loyalty;
- (x) style indexes;
- (y) number of new patents;
- (z) employee retention;
- (aa) market share;
- (bb) market segment share;
- (cc) product release schedules;
- (dd) new product innovation;
- (ee) new product introduction;
- (ff) product cost reduction through advanced technology;
- (gg) brand recognition and/or acceptance;
- (hh) ship targets; or
- (ii) such other goals as the Committee may determine.

2. The Committee may, in its sole discretion, also exclude, or adjust to reflect, the impact of an event or occurrence which the Committee determines should be appropriately excluded or adjusted, including:

- (a) restructurings, discontinued operations, extraordinary items or events, and other unusual or non-recurring charges as described in Accounting Standards Codification (ASC) 225 and/or ASC 360 and/or management's discussion and analysis of financial condition and results of operations appearing or incorporated by reference in the Company's Form 10-K for the applicable year;
- (b) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management; or

(c) a change in tax law or accounting standards required by GAAP.

3. Performance goals may also be based upon individual Participant performance goals, as determined by the Committee, in its sole discretion.
4. In addition, such Performance Goals may be based upon the attainment of specified levels of Company (or subsidiary, division, other operational unit or administrative department of the Company) performance under one or more of the measures described above relative to the performance of other corporations. The Committee may:
 - (a) designate additional business criteria on which the performance goals may be based; or
 - (b) adjust, modify or amend the aforementioned business criteria.

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Edward R. Rosenfeld, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 of Steven Madden, Ltd.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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 report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses 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.

/s/ EDWARD R. ROSENFELD

Edward R. Rosenfeld

Chairman and Chief Executive Officer

August 5, 2019

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) 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 for the quarterly period ended June 30, 2019 of Steven Madden, Ltd.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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 report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses 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.

/s/ ARVIND DHARIA

Arvind Dharia

Chief Financial Officer

August 5, 2019

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 on Form 10-Q for the quarterly period ended June 30, 2019 of Steven Madden, Ltd. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward R. Rosenfeld, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to 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/ EDWARD R. ROSENFELD

Edward R. Rosenfeld
Chairman and Chief Executive Officer
August 5, 2019

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 on Form 10-Q for the quarterly period ended June 30, 2019 of Steven Madden, Ltd. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arvind Dharia, Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to 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

Arvind Dharia

Chief Financial Officer

August 5, 2019