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

FORM 10-Q

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

For the quarterly period ended June 30, 2003

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

For the transition period from _______________ to _______________

Commission File Number 0-23702

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

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No[ ]

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

As of August 11, 2003, the latest practicable date, there were 13,055,155 shares of common stock, $.0001 par value, outstanding.

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

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands)

	June 30, 2003	December 31, 2002	June 30, 2002
	(unaudited)		(unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 25,172	$ 56,713	$ 25,332
Accounts receivable, net of allowances of $452, $497 and $306	3,385	3,039	2,814
Due from factor, net of allowances of $1,903, $1,718 and $1,593	35,401	22,373	43,404
Inventories	25,256	19,445	24,817
Marketable securities - available for sale	9,956	500	3,501
Prepaid expenses and other current assets	2,830	1,651	3,164
Deferred taxes	1,633	1,633	1,223
Total current assets	103,633	105,354	104,255
Property and equipment, net	18,356	17,073	15,665
Deferred taxes	3,699	3,699	3,019
Deposits and other	295	298	297
Marketable securities - available for sale	34,257	22,010	12,671
Cost in excess of fair value of net assets acquired, net of accumulated amortization of $714	2,066	2,066	2,066
	$ 162,306	$ 150,500	$ 137,973
LIABILITIES			
Current liabilities:			
Current portion of capital lease obligations	$ 6	$ 14	$ 21
Accounts payable	6,119	9,044	13,337
Accrued expenses	7,889	7,134	5,434
Accrued incentive compensation	1,597	2,701	1,323
Total current liabilities	15,611	18,893	20,115
Deferred rent	1,664	1,532	1,420
	17,275	20,425	21,535
Commitments, contingencies and other			
STOCKHOLDERS' EQUITY			
Preferred stock - $.0001 par value, 5,000 shares authorized; none issued; Series A Junior Participating preferred stock - $.0001 par value, 60 shares authorized; none issued			
Common stock - $.0001 par value, 60,000 shares authorized; 14,286, 14,016 and 13,939 shares issued; 13,041, 12,771 and 12,694 outstanding	1	1	1
Additional paid-in capital	75,081	70,683	66,351
Retained earnings	81,551	70,722	60,237
Unearned compensation	(3,908)	(3,476)	(2,160)
Other comprehensive gain:			
Unrealized gain on marketable securities	297	136	
Treasury stock - 1,245 shares at cost	(7,991)	(7,991)	(7,991)
	145,031	130,075	116,438
	$ 162,306	$ 150,500	$ 137,973

See notes to financial statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net sales:				
Wholesale	$ 63,335	$ 65,742	$ 120,927	$ 113,577
Retail	22,409	22,369	43,515	41,145
	85,744	88,111	164,442	154,722
Cost of sales:				
Wholesale	42,935	44,607	80,771	76,136
Retail	10,501	10,520	20,398	19,061
	53,436	55,127	101,169	95,197
Gross profit:				
Wholesale	20,400	21,135	40,156	37,441
Retail	11,908	11,849	23,117	22,084
	32,308	32,984	63,273	59,525
Commission and licensing fee income	2,145	1,574	3,835	2,818
Operating expenses	(24,838)	(25,602)	(49,230)	(46,534)
Income from operations	9,615	8,956	17,878	15,809
Interest income, net	350	218	792	422
Income before provision for income taxes	9,965	9,174	18,670	16,231
Provision for income taxes	4,185	3,912	7,841	6,876
Net income	$ 5,780	$ 5,262	$ 10,829	$ 9,355
Basic income per share	$.45	$.42	$.84	$.75
Diluted income per share	$.41	$.38	$.77	$.68
Basic weighted average common shares outstanding	12,927	12,571	12,858	12,464
Effect of dilutive securities - options	1,113	1,221	1,127	1,211
Diluted weighted average common shares outstanding	14,040	13,792	13,985	13,675

See notes to financial statements

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

	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Cash flows from operating activities:		
Net income	$ 10,829	$ 9,355
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,537	1,658
Non-cash compensation	1,427	966
Provision for bad debts	140	255
Deferred rent expense	132	121
Realized gain on marketable securities	(35)	
Changes in:		
Accounts receivable	(301)	(791)
Due from factor	(13,213)	(20,827)
Inventories	(5,811)	(8,999)
Prepaid expenses and deposits	(1,176)	5,533
Accounts payable and other accrued expenses	(3,274)	1,951
Net cash used in operating activities	(8,745)	(10,778)
Cash flows from investing activities:		
Purchase of property and equipment	(3,820)	(1,616)
Purchase of marketable securities	(34,162)	(16,173)
Sale/redemption of marketable securities	12,655	
Net cash used in investing activities	(25,327)	(17,789)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	2,539	3,756
Repayment of lease obligations	(8)	(36)
Net cash provided by financing activities	2,531	3,720
Net decrease in cash and cash equivalents	(31,541)	(24,847)
Cash and cash equivalents - beginning of period	56,713	50,179
Cash and cash equivalents - end of period	$ 25,172	$ 25,332

See notes to financial statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Financial Statements
June 30, 2003

NOTE A - BASIS OF REPORTING

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

NOTE B - MARKETABLE SECURITIES

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

NOTE C - INVENTORIES

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

NOTE D - REVENUE RECOGNITION

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

NOTE E - NET INCOME PER SHARE OF COMMON STOCK

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

NOTE F - STOCK-BASED COMPENSATION

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Reported net income	$ 5,780	$ 5,262	$ 10,829	$ 9,355
Stock-based employee compensation included in reported net income, net of tax	82	18	165	36
Stock-based employee compensation determined under the fair value based method, net of tax	(690)	(576)	(1,254)	(968)
Pro forma net income	$ 5,172	$ 4,704	$ 9,740	$ 8,423
Basic income per share:				
As reported	$0.45	$0.42	$0.84	$0.75
Pro forma	$0.40	$0.37	$0.76	$0.67
Diluted income per share:				
As reported	$0.41	$0.38	$0.77	$0.68
Pro forma	$0.37	$0.34	$0.70	$0.62

NOTE G - COMMITMENTS, CONTINGENCIES AND OTHER

[1] Class action litigation:

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

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

[2] Shareholder derivative actions:

On or about September 26, 2000, a shareholder derivative action was commenced in the United States District Court for the Eastern District of New York, captioned, Herrera v. Steven Madden and Steven Madden, Ltd. An agreement in principle has been reached to resolve all claims in this action, subject to notice to the Company's shareholders (if any) as may be required by the District Court, and approval by the District Court.

NOTE G - COMMITMENTS, CONTINGENCIES AND OTHER

[2] Shareholder derivative actions: (continued)

The Company believes, after consultation with counsel, that its defense costs and certain attorneys' fees in connection with this action will be subject to coverage by the Company's insurance.

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

The Company and certain of the Company's present and/or former officers and directors have been named in an action commenced in the United States District Court for the Eastern District of New York by the Safeco Surplus Lines Insurance Company captioned, Safeco Surplus Lines Ins. Co. v. Steven Madden Ltd., et al. The complaint principally seeks rescission of the excess insurance policy issued by Safeco to the Company for the February 4, 2000 to June 13, 2001 period and an order declaring that Safeco does not owe any indemnity obligation to the Company or any of its officers and directors in connection with the shareholder class action and derivative cases referred to above. The ultimate outcome of this matter cannot presently be determined.

[3] SEC investigation:

In March 2001, the Company became aware that the SEC issued a formal order of investigation with respect to trading in the Company's securities. The SEC is investigating possible securities law violations. Certain current and former officers and directors of the Company sold shares of the Company's common stock prior to Mr. Madden's indictment in June 2000, as previously disclosed on Form 4s filed with the SEC. The ultimate effects of this matter, if any, cannot reasonably be determined at this time.

NOTE G - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

[4] Other actions:

(a) On or about January 22, 2002, an action was commenced against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steven Madden, Ltd. and Steven Madden Retail, Inc. The complaint seeks injunctive relief and unspecified monetary damages for trademark infringement, trademark dilution, unfair competition and deceptive trade practices arising from the Company's use of four stripes as a design element on footwear. On or about September 3, 2002, Adidas commenced a second action against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steven Madden, Ltd. and Steven Madden Retail, Inc. The second complaint seeks the same injunctive relief and unspecified monetary damages for various trademark infringement claims arising from the Company's use of two stripes as a design element on footwear. The Company believes it has substantial defenses to the claims asserted in both lawsuits and has filed answers denying the allegations of infringement in both cases. Both cases were consolidated before a single judge. Since that time, a settlement in principle of these actions has been reached.

(b) On October 4, 2002, Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II ("Skechers") filed suit against Steven Madden Ltd. and R.S.V. Sport, Inc. in the United States District Court for the Central District of California. Skechers alleges claims for patent infringement, federal unfair competition, federal antidilution violation, California unfair competition, California antidilution violation, and common law unfair competition. On June 30, 2003, the case was dismissed.

(c) On September 6, 2002, Ron Owen filed an action against Steven Madden Retail, Inc., which action is pending in the United States District Court for the Northern District of Texas - Dallas Division. The plaintiff alleges a cause of action for breach of contract and seeks unspecified monetary damages. On October 10, 2002, the Company answered the complaint. Since that time, the parties have agreed to a settlement and on August 11, 2003, the case was dismissed.

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

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

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

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

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

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

	2003		2002	
Consolidated:				
Net Sales	$ 164,442	100%	$ 154,722	100%
Cost of Sales	101,169	62	95,197	62
Gross Profit	63,273	38	59,525	38
Other Operating Income	3,835	2	2,818	2
Operating Expenses	49,230	30	46,534	30
Income from Operations	17,878	10	15,809	10
Interest and Other Income Net	792	1	422	0
Income Before Income Taxes	18,670	11	16,231	10
Net Income	10,829	7	9,355	6

Selected Financial Information

Six Months Ended

June 30

($ in thousands)

	2003		2002	
By Segment				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd. (Madden Women's)				
Net Sales	$ 59,206	100%	$ 54,213	100%
Cost of Sales	40,976	69	37,786	70
Gross Profit	18,230	31	16,427	30
Other Operating Income	1,252	2	660	1
Operating Expenses	14,329	24	13,350	24
Income from Operations	5,153	9	3,737	7
l.e.i. Footwear:				
Net Sales	$ 31,821	100%	$ 26,557	100%
Cost of sales	19,948	63	17,232	65
Gross Profit	11,873	37	9,325	35
Operating Expenses	6,883	21	6,444	24
Income from Operations	4,990	16	2,881	11
Madden Men's:				
Net Sales	$ 19,816	100%	$ 20,614	100%
Cost of sales	12,890	65	13,237	64
Gross Profit	6,926	35	7,377	36
Operating Expenses	4,383	22	4,106	20
Income from Operations	2,543	13	3,271	16
Diva Acquisition Corp (Steven):				
Net Sales	$ 4,330	100%	$ 5,185	100%
Cost of sales	3,158	73	3,467	67
Gross Profit	1,172	27	1,718	33
Operating Expenses	1,224	28	1,298	25
Income (Loss) from Operations	(52)	(1)	420	8
Stevies Inc.:				
Net Sales	$ 5,754	100%	$ 7,008	100%
Cost of sales	3,799	66	4,414	63
Gross Profit	1,955	34	2,594	37
Other Operating Income	9	0	38	0
Operating Expenses	1,140	20	1,491	21
Income from Operations	824	14	1,141	16
RETAIL DIVISION:				
Steven Madden Retail Inc.:				
Net Sales	$ 43,515	100%	$ 41,145	100%
Cost of Sales	20,398	47	19,061	46
Gross Profit	23,117	53	22,084	54
Operating Expenses	20,081	46	18,712	46
Income from Operations	3,036	7	3,372	8
Number of Stores	82		74	

Selected Financial Information

Six Months Ended

June 30

($ in thousands)

	2003		2002	
By Segment (Continued)				
ADESSO MADDEN INC.:				
(FIRST COST)				
Other Operating Revenue	$ 2,574	100%	$ 2,120	100%
Operating Expenses	1,190	46	1,133	53
Income from Operations	1,384	54	987	47

Selected Financial Information

Three Months Ended

June 30

($ in thousands)

	2003		2002	
Consolidated:				
Net Sales	$ 85,744	100%	$ 88,111	100%
Cost of Sales	53,436	62	55,127	63
Gross Profit	32,308	38	32,984	37
Other Operating Income	2,145	2	1,574	2
Operating Expenses	24,838	29	25,602	29
Income from Operations	9,615	11	8,956	10
Interest and Other Income Net	350	1	218	0
Income Before Income Taxes	9,965	12	9,174	10
Net Income	5,780	7	5,262	6
By Segment:				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd. (Madden Women's)				
Net Sales	$ 30,311	100%	$ 31,332	100%
Cost of sales	21,896	72	22,241	71
Gross Profit	8,415	28	9,091	29
Other Operating Income	689	2	339	1
Operating Expenses	7,486	25	7,347	23
Income from Operations	1,618	5	2,083	7
l.e.i. Footwear:				
Net Sales	$ 16,956	100%	$ 14,982	100%
Cost of sales	10,428	62	9,731	65
Gross Profit	6,528	38	5,251	35
Operating Expenses	3,340	19	3,666	24
Income from Operations	3,188	19	1,585	11
Madden Mens:				
Net Sales	$ 11,475	100%	$ 13,165	100%
Cost of sales	7,317	64	8,534	65
Gross Profit	4,158	36	4,631	35
Operating Expenses	2,299	20	2,705	20
Income from Operations	1,859	16	1,926	15
Diva Acquisition Corp. (Steven):				
Net Sales	$ 1,874	100%	$ 2,700	100%
Cost of sales	1,444	77	1,821	67
Gross Profit	430	23	879	33
Operating Expenses	563	30	763	28
Income (Loss) from Operations	(133)	(7)	116	5
Stevies Inc.:				
Net Sales	$ 2,719	100%	$ 3,563	100%
Cost of Sales	1,850	68	2,280	64
Gross Profit	869	32	1,283	36
Other Operating Income	0	0	29	1
Operating Expenses	512	19	746	21
Income from Operations	357	13	566	16

Selected Financial Information

Three Months Ended

June 30

($ in thousands)

	2003		2002	
By Segment (Continued)				
Steven Madden Retail Inc.:				
Net Sales	$ 22,409	100%	$ 22,369	100%
Cost of Sales	10,501	47	10,520	47
Gross Profit	11,908	53	11,849	53
Operating Expenses	10,036	45	9,770	44
Income from Operations	1,872	8	2,079	9
Number of Stores	82	74		
ADESSO MADDEN INC.:				
(FIRST COST)				
Other Operating Revenue	$ 1,456	100%	$ 1,206	100%
Operating Expenses	602	41	605	50
Income from Operations	854	59	601	50

RESULTS OF OPERATIONS
($ in thousands)

Six months Ended June 30, 2003 vs. Six Months Ended June 30, 2002

Consolidated:

Total net sales for the six-month period ended June 30, 2003 increased by $9,720 or 6% to $164,442 as compared to $154,722 from the comparable period of 2002. The increase in sales was partially due to a $5,264 or 20% increase in sales from the l.e.i. Wholesale Division ("l.e.i"), as well as $4,993 or 9% gain in the Company's Steve Madden Women's Wholesale Division and sales gains of $2,370 or 6% in the Retail Division. Sales gains can be attributed to greater acceptance of the Company's product offerings, increased recognition of the Company's brands and the addition of four retail stores during the six-month period ended June 30, 2003. Gross profit as a percentage of sales remained the same as last year at 38%.

Operating expenses increased to $49,230 in 2003 from $46,534 in 2002. Total operating expenses when expressed as a percentage of sales remained at 30% in 2003, the same as 2002. The increase in dollars resulted from costs associated with growth in the Company's overall business as well as provision for management incentives. Licensing expenses also increased to $1,743 in 2003 from $1,439 in 2002 because of the overall growth in sales and the Company's increased concentration in its licensing areas. Additionally, remaining operating expenses increased to $11,927 in 2003 from $9,349 partially because the Company opened four (4) additional retail stores during the first six months of 2003 and because of the growth in the Company's Steve Madden Women's and l.e.i. Wholesale Divisions. Also, total legal expenses in 2003 increased to $932 from $526 in 2002 because of incremental legal and defense costs.

Income from operations for 2003 was $17,878, an increase of $2,069 or 13% from $15,809 in 2002. Net income increased by 16% to $10,829 in 2003 from $9,355 in 2002. The increase in income resulted principally from a growth in sales.

Wholesale Divisions:

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

Sales from Madden Women's Wholesale Division ("Madden Women's") accounted for $59,206 or 36%, and $54,213 or 35%, of total sales in 2003 and 2002, respectively. The increase in sales was driven by first quarter sales of key styles including the Hi-Jo boot and wood bottom sandals. Gross profit as a percentage of sales increased to 31% in 2003 from 30% in 2002 primarily due to changes in product mix and cost effective sourcing. Operating expenses increased to $14,329 in 2003 from $13,350 in 2002 due to higher costs associated with the growth in Madden Women's as well as the increase in management incentives. Income from operations for Madden Women's increased by 38% to $5,153 in 2003 from $3,737 in 2002.

Sales from l.e.i. Footwear Wholesale Division ("l.e.i.") accounted for $31,821 or 19%, and $26,557 or 17%, of total sales in 2003 and 2002, respectively. The increase in sales was primarily due to the addition of doors with existing accounts such as Kohl's, Sears and Famous Footwear. Gross profit as a percentage of sales increased to 37% in 2003 from 35% in 2002 primarily due to changes in product mix and improved inventory management. Operating expenses increased to $6,883 in 2003 from $6,444 in 2002 due to increased sales commissions, licensing costs and employee performance incentives. Income from operations for l.e.i. increased by 73% to $4,990 in 2003 from $2,881 in 2002.

Sales from Madden Men's Wholesale Division ("Madden Men's") accounted for $19,816 or 12%, and $20,614 or 13%, of total sales in 2003 and 2002, respectively. The sales decrease resulted from three primary factors. First, the sandal selling time was reduced significantly because of the late start to the spring season. Second, there was a strong downturn in the casual business, the largest category of Madden Men's, as competitive looks appeared in the casual space at every price point just as consumer demand and trends shifted more toward dressy and dress casual classifications. Finally, the department stores and specialty channels carrying Madden Men's footwear experienced lighter men's traffic through the second quarter of 2003. Gross profit as a percentage of sales decreased to 35% in 2003 from 36% in 2002 primarily due to an increase in markdown allowances resulting from higher levels of promotional activities and general softness in the economy in 2003. Operating expenses increased to $4,383 in 2003 from $4,106 in 2002 due to increases in payroll and other payroll-related expenses. These increased payroll-related expenses were primarily due to the hiring of additional management personnel in the second half of last year. Income from operations for Madden Men's was $2,543 in 2003 compared to $3,271 in 2002.

Diva Acquisition Corp. ("Steven"):

Sales from Diva, including the Steven brand that was introduced in the third quarter of 2002, accounted for $4,330 or 3%, and $5,185 or 3%, of total sales in 2003 and 2002, respectively. Sales decreased 16% in 2003 from 2002. This decrease was caused by managements planned strategy to exit certain under-performing doors in order to reposition the David Aaron business under the Steven brand. Management believes this will provide Steven with a more productive base of customers from which to launch. The exited doors have been replaced with the addition of several new retailers, including Dillards and Macy's West, which management believes are qualified and equipped to showcase and service the new Steven collection. Gross profit as a percentage of sales decreased to 27% in 2003 from 33% in 2002, primarily due to an increase in markdown allowances resulting from higher levels of promotional activities in response to the general softness in the economy in 2003. Operating expenses decreased to $1,224 in 2003 from $1,298 in 2002 due to lower selling expenses resulting from the decrease in sales. Loss from operations for Steven was $52 in 2003 compared to income from operations of $420 in 2002.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $5,754 or 3%, and $7,008 or 5%, of total sales in 2003 and 2002, respectively. The decrease in sales was partly anticipated when Meldisco, the lease operator of the Federated Department Store children's departments and a division of Footstar, experienced temporary credit issues relating to its K-Mart business. This led to shipping delays and some cancellations. Gross profit as a percentage of sales decreased to 34% in 2003 from 37% in 2002, primarily due to an increase in markdown allowances resulting from higher levels of promotional activities in response to the general softness in the economy in 2003. Operating expenses decreased to $1,140 in 2003 from $1,491 in 2002 due to decreases in selling and related expenses. Income from operations for Stevies was $824 in 2003 compared to $1,141 in 2002.

Retail Division:

Sales from the Retail Division accounted for $43,515 or 26% and $41,145 or 27% of total sales in 2003 and 2002, respectively. This increase in sales was due to the increase in the number of Steve Madden retail stores. During the first six months of 2003, the Company opened four (4) new retail stores and closed two (2) of its under-performing stores. As of June 30, 2003, there were 82 retail stores compared to 74 retail stores as of June 30, 2002. Comparable store sales for the six-month period ended June 30, 2003 decreased 4% over the same period of 2002. This decrease was primarily due to unseasonably cool and rainy weather in the northeast during the second quarter. Gross profit as a percentage of sales decreased to 53% in 2003 from 54% in 2002, primarily due to higher levels of promotional activities by the Company in response to the general softness in the economy in 2003. Operating expenses for the Retail Division were $20,081 in 2003 and $18,712 in 2002. This increase was due to higher costs associated with the opening of additional stores. Income from operations for the Retail Division was $3,036 in 2003 compared to $3,372 in 2002.

Adesso-Madden Division:

Adesso-Madden, Inc. ("Adesso-Madden") generated commission revenues of $2,574 for the six-month period ended June 30, 2003, which represents a 21% increase over commission revenues of $2,120 for the same period in 2002. This increase was primarily due to the growth in accounts such as Wal-Mart, Target, JC Penney and Mervyn's and the addition of children's products to the assortment mix. Operating expenses increased to $1,190 in 2003 from $1,133 in 2002 due to increases in payroll and other payroll-related expenses. Income from operations for Adesso-Madden was $1,384 in 2003 compared to $987 in 2002.

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

Consolidated:

Total net sales for the three-month period ended June 30 2003 decreased by 3% to $85,744 as compared to $88,111 from the comparable period of 2002. The decrease in sales was primarily due to the cool and rainy spring weather and the sustained promotional environment. The Company maintained the substantial sales and market share gains that it achieved last year. In the second quarter of 2002, the Company generated a 48% increase in total net sales over prior year.

Total gross profit as a percentage of sales increased to 38% in 2003 from 37% in 2002. The increase was the result of cost effective sourcing and improved inventory management. Additionally, the Retail Division, which has a higher gross margin percentage, represented 26% of total net sales in 2003 compared to 25% in 2002.

Operating expenses decreased to $24,838 in 2003 from $25,602 in 2002. Total operating expenses when expressed as a percentage of sales remained at 29% in 2003, the same as in 2002. During the second quarter, the Company was able to manage its expense structure in keeping with its top line performance, effectively leveraging its infrastructure while (i) continuing to sustain its business, (ii) nurturing its newest brands, Unionbay (for young men) and Candie's (for women and children), and (iii) taking steps to effect the conversion of the David Aaron business into Steven for women.

Income from operations for 2003 was $9,615, an increase of $659 or 7% from $8,956 in 2002. Net income increased by 10% to $5,780 in 2003 from $5,262 in 2002. The increase in income resulted from the growth in interest and other income and managements ability to control expenses in line with the reduced sales.

Wholesale Divisions:

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

Sales from Madden Women's accounted for $30,311 or 35%, and $31,332 or 36%, of total sales in 2003 and 2002, respectively. The decrease in sales was a result of price pressure emanating from the success of the inexpensive EVA flip-flop classification. Additionally, wedges, which have been historically strong for the Company in this period, did not gain traction with customers this spring. Spring itself broke very late, with cool and rainy weather characterizing most of the period between April and June, effectively shortening the full selling price period at retail. As a result, projected reorders did not materialize and prices eroded as competitive best sellers could be found at $29.99 and below. Gross profit as a percentage of sales decreased to 28% in 2003 from 29% in 2002 primarily due to the general softness in the economy and poor weather conditions, which caused the Company to increase the level of promotional activity in the second quarter of 2003. Operating expenses increased to $7,486 in 2003 from $7,347 in 2002 due to the increase in management incentives. Income from operations for Madden Women's decreased to $1,618 in 2003 from $2,083 in 2002.

Sales from l.e.i. accounted for $16,956 or 20%, and $14,982 or 17%, of total sales in 2003 and 2002, respectively. The increase in sales was principally due to new doors with retailers, particularly in the chain store segment, including Stage Stores and Maurice's. While l.e.i.

experienced the same late spring, weather-related and fashion trend challenges as the Company's other divisions, its opening price points helped to support its sales performance. Gross profit as a percentage of sales increased to 38% in 2003 from 35% in 2002 primarily due to changes in product mix and improved inventory management. Operating expenses decreased to $3,340 in 2003 from $3,666 in 2002 due to the leveraging of its infrastructure while continuing to sustain its business. Income from operations for l.e.i. was $3,188 in 2003 compared to $1,585 in 2002.

Sales from Madden Men's accounted for $11,475 or 13%, and $13,165 or 15%, of total sales in 2003 and 2002, respectively. The sales decrease resulted from three primary factors. First, the sandal selling time was reduced significantly because of the late start to the spring season. Second, there was a strong downturn in the casual business, the largest category of Madden Men's, as competitive looks appeared in the casual space at every price point just as consumer demand and trends shifted more toward dressy and dress casual classifications. Finally, the department stores and specialty channels carrying Madden Men's footwear experienced lighter men's traffic through the second quarter of 2003. Gross profit as a percentage of sales increased to 36% in 2003 from 35% in 2002 due to changes in product mix and improved inventory management. Operating expenses decreased to $2,299 in 2003 from $2,705 in 2002, due to decreases in selling and related expenses. Income from operations for Madden Men's was $1,859 in 2003 compared to $1,926 in 2002.

Diva Acquisition Corp. ("Steven"):

Sales from Diva, including the Steven brand that was introduced in the third quarter of 2002 accounted for $1,874 or 2%, and $2,700 or 3%, of total sales in 2003 and 2002, respectively. Sales decreased by 31% in 2003 from 2002. This decrease was caused by managements planned strategy to exit certain under-performing doors in order to reposition the David Aaron business under the Steven brand. Management believes this will provide Steven with a more productive base of customers from which to launch. The exited doors have been replaced with the addition of several new retailers, including Dillards and Macy's West, which management believes are qualified and equipped to showcase and service the new Steven collection. Gross profit as a percentage of sales decreased to 23% in 2003 from 33% in 2002, primarily due to an increase in markdown allowances resulting from higher levels of promotional activities and the final clearance of fall David Aaron products. Operating expenses decreased to $563 in 2003 from $763 in 2002 due to lower selling expenses resulting from the decrease in sales. Loss from operations for Steven was $133 in 2003 compared to income from operations of $116 in 2002.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $2,719 or 3%, and $3,563 or 4%, of total sales in 2003 and 2002, respectively. The decrease in sales was partly anticipated when Meldisco, the lease operator of the Federated Department Store children's departments and a division of Footstar, experienced temporary credit issues relating to its K-Mart business. This led to shipping delays and some cancellations. Gross profit as a percentage of sales decreased to 32% in 2003 from 36% in 2002, due to competitive pricing caused by the general softness in the economy in 2003. Operating expenses decreased to $512 in 2003 from $746 in 2002 due to decreases in selling and related expenses. Income from operations for Stevies was $357 in 2003 compared to $566 in 2002.

Retail Division:

Sales from the Retail Division accounted for $22,409 or 26% and $22,369 or 25% of total sales in 2003 and 2002, respectively. During the second quarter of 2003, the Company opened two (2) new retail stores and closed two (2) of its under-performing stores. As of June 30, 2003, there were 82 retail stores compared to 74 retail stores as of June 30, 2002. Comparable store sales for the three-month period ended June 30, 2003 decreased 10% over the same period of 2002. This decrease was primarily due to the unseasonably cool and rainy weather in the northeast, where the Company's retail stores sales are disproportionately concentrated. The sales decline in twenty-seven (27) of the Company's retail stores located in the northeast comprised 64% of the comparable store sales decline. Gross profit as a percentage of sales remained at 53% in 2003, the same as in 2002. Operating expenses for the Retail Division were $10,036 in 2003 and $9,770 in 2002. This increase was due to higher costs associated with the opening of additional stores. Income from operations for the Retail Division was $1,872 in 2003 compared to $2,079 in 2002.

Adesso-Madden Division:

Adesso-Madden, Inc. generated commission revenues of $1,456 for the three-month period ended June 30, 2003, which represents a 21% increase over commission revenues of $1,206 for the same period in 2002. This increase was primarily due to the growth in accounts such as Wal-Mart, Target, JC Penney and Mervyn's and the addition of children's and men's products to the assortment mix. Operating expenses decreased to $602 in 2003 from $605 in 2002. Income from operations for Adesso-Madden was $854 in 2003 compared to $601 in 2002.

LICENSE AGREEMENTS

Revenues from licensing increased to $1,261 in the first of six months 2003 from $698 in the first six months of 2002. As of June 30, 2003, the Company had six license partners covering product categories of its Steve Madden brand. The product categories include handbags, sunglasses, eyewear, belts, hosiery and outerwear.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $88,022 at June 30, 2003 compared to $86,461 of working capital at December 31, 2002, an increase of $1,561, primarily contributed by the net income. The Company believes that based upon its current financial position and available cash and marketable securities, it will meet all of its financial commitments and operating needs for at least the next twelve months.

Under the terms of a factoring agreement with Capital Factors, Inc., the Company is eligible to draw down 80% of its invoiced receivables at an interest rate of two points below the Prime Rate (as defined in such agreement). The agreement with Capital Factors was renewed for the period beginning June 30, 2002 through December 31, 2004. Capital Factors maintains a lien on all of the Company's inventory and receivables and assumes the credit risk for all assigned accounts approved by them. Under the agreement, the Company has a credit line of $15,000. The Company did not use any portion of the credit line during the first six months of 2003.

The Company has invested approximately $44.2 million in marketable securities consisting of corporate bonds, U.S. Treasury notes and government asset-backed securities. The securities mature on various dates through 2007.

OPERATING ACTIVITIES

During the six-month period ended June 30, 2003, net cash used for operating activities was $8,745. Uses of cash arose primarily for an increase in factored accounts receivable of $13,213 and an increase in inventories of $5,811. Sources of cash were provided principally by net income of $10,829.

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

2003	$ 8,773
2004	8,831
2005	8,524
2006	8,548
2007	8,072
Thereafter	22,682
	$ 65,430

At June 30, 2003, the Company had un-negotiated open letters of credit for the purchase of imported merchandise of approximately $10,639.

The Company has an agreement with its Chairman of the Board and employment agreements with three key executives and its Creative and Design Chief, which provide for the payment of compensation aggregating approximately $1,845 as of June 30, 2003. In addition, such employment agreements provide for incentive compensation based on various performance criteria as well as other benefits.

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

INVESTING ACTIVITIES

During the six-month period ended June 30, 2003, the Company invested $21,507 in marketable securities, net of maturities and sales of $12,655. In addition, the Company incurred capital expenditures of $3,820 in leasehold improvements to its corporate office space, the addition of four (4) new stores and upgrading its computer systems.

FINANCING ACTIVITIES

During the six-month period ended June 30, 2003, the Company received $2,539 from the exercise of stock options.

OTHER CONSIDERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

Expansion of Retail Business: The Company's continued growth depends to a significant degree on further developing the Steve Madden(R), Stevies, Steven, Steve Madden Men's, l.e.i.(R) , Unionbay(R) and Candies(R) brands, creating new product categories and businesses and operating Company-owned stores on a profitable basis. During the first six month of 2003 the Company opened four (4) Steve Madden retail stores and has plans to open an additional four (4) stores during the remainder of 2003. The Company's recent and planned expansion includes the opening of stores in new geographic markets as well as strengthening existing markets. New markets have in the past presented, and will continue to present, competitive and merchandising challenges that are different from those faced by the Company in its existing markets. There can be no assurance that the Company will be able to open new stores, and if opened, that such new stores will be able to achieve sales and profitability levels consistent with management's expectations. The Company's retail expansion is dependent on a number of factors, including the Company's ability to locate and obtain favorable store sites, the performance of the Company's wholesale and retail operations, and the ability of the Company to manage such expansion and hire and train personnel. Past comparable store sales results may not be indicative of future results, and there can be no assurance that the Company's comparable store sales results will increase or not decrease in the future. In addition, there can be no assurance that the Company's strategies to increase other sources of revenue, which may include expansion of its licensing activities, will be successful or that the Company's overall sales or profitability will increase or not be adversely affected as a result of the implementation of such retail strategies.

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

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

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

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

Outstanding Options: As of August 5, 2003, the Company had outstanding options to purchase an aggregate of approximately 2,640,000 shares of Common Stock. Holders of such options are likely to exercise them when, in all likelihood, the market price of the Company's stock is significantly higher than the exercise price of the options. Further, while its options are outstanding, they may adversely affect the terms on which the Company could obtain additional capital.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures within 90 days of the filing date of this quarterly report, and, based on their evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Part II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A description of the legal proceedings in which the Company is involved, both in general and with respect to certain specific matters and types of matters, is contained in the Company's Report on Form 10-K for 2002 and the Company's Report on Form 10-Q for the first quarter of 2003. The following is limited to an update on significant developments in previously reported matters and should be read with reference to the Company's Report on Form 10-K for 2002 and the Company's Report as updated on Form 10-Q for the first quarter of 2003. All previously reported matters remain pending.

Class Action

Between June and August 2000, eight putative securities fraud class action lawsuits have been commenced in the United States District Court for the Eastern District of New York against the Company, Steven Madden and, in five of the actions, Rhonda J. Brown (the former President and a former director of the Company) and Arvind Dharia. These actions are captioned: Wilner v. Steven Madden, Ltd., et al., 00 CV 3676 (filed June 21, 2000); Connor v. Steven Madden, et al., 00 CV 3709 (filed June 22, 2000); Blumenthal v. Steven Madden, Ltd., et al., 00 CV 3709 (filed June 23, 2000); Curry v. Steven Madden, Ltd., et al., 00 CV 3766 (filed June 26, 2000); Dempster v. Steven Madden Ltd., et al., 00 CV 3702 (filed June 30, 2000); Salafia v. Steven Madden, Ltd., et al., 00 CV 4289 (filed July 24, 2000); Fahey v. Steven Madden, Ltd., et al., 00 CV 4712 (filed August 11, 2000); Process Engineering Services, Inc. v. Steven Madden, Ltd., et al., 00 CV 5002 (filed August 22, 2000). By Order dated December 8, 2000, the Court consolidated these eight actions, appointed Process Engineering, Inc., Michael Fasci and Mark and Libby Adams as lead plaintiffs and approved their selection of lead counsel. A settlement in principle of these actions has been reached, subject to execution of definitive settlement documentation, notices to the putative class members, a hearing and approval by the District Court. The tentative settlement is within the limits of the Company's insurance coverage.

Shareholder Derivative Actions

On or about September 26, 2000, a putative shareholders derivative action was commenced in the United States District Court for the Eastern District of New York, captioned Herrera v. Steven Madden and Steven Madden, Ltd., 00 CV 5803 (JG). The Company is named as a nominal defendant in the action. An agreement has been reached to resolve all claims in this action, subject to such notice to the Company's shareholders (if any) as may be required by the District Court, and approval by the District Court. The Company believes, after consultation with counsel, that its defense costs and certain attorneys fees in connection with this action will be subject to coverage by the Company's insurance.

On or about November 28, 2001, a purported shareholder derivative complaint was filed in the United States District Court for the Eastern District of New York, captioned Herrera v. Karson, et al., 00 CV 7868. Named as defendants therein are the Company (as nominal defendant) and certain of the Company's present and/or former officers and directors. An agreement has been reached to resolve all claims in this action, subject to such notice to the Company's shareholders (if any) as may be required by the District Court, and approval by the District Court. The

Company believes, after consultation with counsel, that its defense costs and certain attorneys fees in connection with this action will be subject to coverage by the Company's insurance.

Other Actions

On or about January 22, 2002, an action was commenced against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steve Madden, Ltd. and Steve Madden Retail, Inc., CA No. CV02-0057 HU. The Complaint seeks injunctive relief and unspecified monetary damages for trademark infringement, trademark dilution, unfair competition and deceptive trade practices arising from the Company's use of four stripes as a design element on footwear which Adidas alleges infringes on its registered Three Stripe Trademark. On or about September 3, 2002, Adidas commenced a second action against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steve Madden, Ltd. and Steve Madden Retail, Inc., CA No. CV 02-1191 KI. The second Complaint seeks the same injunctive relief and unspecified monetary damages as the first lawsuit for various trademark infringement claims arising from the Company's use of two stripes as a design element on footwear. The Company believes it has substantial defenses to the claims asserted in both lawsuits based on pervasive use of two and four stripes as a design element by numerous other footwear manufacturers over the past three decades, current fashion trends using two and four stripe designs, and Adidas' prior acquiescence in allowing other footwear manufacturers sell shoes with two and four stripe designs. The Company filed answers denying the allegations of infringement in both cases, which were consolidated before a single judge. Since that time, a settlement in principle of these actions has been reached.

On October 4, 2002, Skechers U.S.A., Inc., and Skechers U.S.A., Inc. II, filed suit against Steven Madden Ltd. and R.S.V. Sport, Inc. in the United States District Court for the Central District of California, Case No. CV 02-0766. Skechers alleges claims for patent infringement, federal unfair competition, federal antidilution violation, California unfair competition, California antidilution violation, and common law unfair competition. On June 30, 2003, the case was dismissed.

On September 6, 2002 Ron Owen filed an action against Steven Madden Retail, Inc., which action is pending in the United States District Court for the Northern District of Texas - Dallas Division, Civil Action No. 3-02 CV 2316-R. Plaintiff alleges a cause of action for breach of contract and seeks unspecified monetary damages. On October 10, 2002, the Company answered the complaint. The parties have agreed to a settlement and on August 11, 2003, the case was dismissed.

Item 5. Other Information.

On May 12, 2003 the Company entered into a long-term license agreement with Candie's, Inc. to design, manufacture, and distribute Candie's branded footwear for women and children worldwide.

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

(a) Exhibits

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

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

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

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

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

DATE: August 13, 2003

STEVEN MADDEN, LTD.

/s/ JAMIESON A. KARSON

Jamieson A. Karson
Chief Executive Officer

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

STEVEN MADDEN, LTD.
FORM 10-Q

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jamieson Karson, certify that:

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

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and we 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 with those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the period covered by the quarterly report that has been materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   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 controls; and

Dated: August 13, 2003

/s/ JAMIESON KARSON

Jamieson Karson
Chief Executive Officer

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

I, Arvind Dharia, certify that:

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

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and we 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 with those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the period covered by the quarterly report that has been materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

Dated: August 13, 2003

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Steven Madden Ltd. (the "Company") on Form 10-Q for the period ending June 30, 2003 (the "Report"), I, Jamieson A. Karson, 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 the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) 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 result of operations of the Company.

/s/ JAMIESON A. KARSON

Jamieson A. Karson
Chief Executive Officer

August 13, 2003

Exhibit 32.1

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

In connection with the Quarterly Report of Steven Madden Ltd. (the "Company") on Form 10-Q for the period ending June 30, 2003 (the "Report"), I, Arvind Dharia, Chief Financial 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 the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) 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 result of operations of the Company.

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

August 13, 2003