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

FORM 10-Q

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

For the quarterly period ended March 31, 2005

[ ] 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 May 5, 2005, there were 12,995,317 shares of the registrant's common stock, $.0001 par value, outstanding.

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
March 31, 2005

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands)

	March 31, 2005 (unaudited)	December 31, 2004	March 31, 2004 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 30,186	$ 30,853	$ 22,302
Accounts receivable, net of allowances of $640, $536 and $688	2,817	3,322	7,790
Due from factor, net of allowances of $3,164, $2,379 and $1,973	40,139	33,711	39,565
Inventories	28,684	34,384	26,063
Marketable securities - available for sale	14,011	12,784	8,043
Prepaid expenses and other current assets	2,142	1,287	3,192
Prepaid taxes	1,959	2,255	2,588
Deferred taxes	3,030	2,498	1,796
Total current assets	122,968	121,094	111,339
Property and equipment, net	20,754	20,715	19,303
Deferred taxes	5,488	5,780	5,618
Deposits and other	433	435	434
Marketable securities - available for sale	33,925	36,340	42,253
Cost in excess of fair value of net assets acquired	2,066	2,066	2,066
	$ 185,634	$ 186,430	$ 181,013
LIABILITIES			
Current liabilities:			
Accounts payable	$ 14,900	13,450	$ 11,291
Accrued expenses	6,436	6,227	3,852
Total current liabilities	21,336	19,677	15,143
Deferred rent	2,118	2,088	1,917
	23,454	21,765	17,060
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, 15,228, 14,608 and 14,569 shares issued, 13,129, 12,818 and 13,324 outstanding	2	1	1
Additional paid-in capital	82,681	80,631	79,407
Retained earnings	104,413	103,451	95,302
Stock subscription receivable	--	--	(175)
Unearned compensation	(377)	(703)	(2,448)
Other comprehensive gain:			
Unrealized gain on marketable securities (net of taxes)	(1,354)	(1,024)	(143)
Treasury stock - 2,099, 1,790 and 1,245 shares at cost	(23,185)	(17,691)	(7,991)
	162,180	164,665	163,953
	$ 185,634	$ 186,430	$ 181,013

See accompanying notes to consolidated financial statements - unaudited

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Statements of Operations
(unaudited)
(in thousands, except per share data)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Net sales:		
Wholesale	$ 56,861	$ 55,067
Retail	26,475	23,701
	83,336	78,768
Cost of sales:		
Wholesale	40,475	35,668
Retail	14,543	11,828
	55,018	47,496
Gross profit:		
Wholesale	16,386	19,399
Retail	11,932	11,873
	28,318	31,272
Commission and licensing fee income	1,947	1,416
Operating expenses	(29,044)	(26,108)
Income from operations	1,221	6,580
Interest and other income, net	438	534
Income before provision for income taxes	1,659	7,114
Provision for income taxes	697	2,988
Net income	$ 962	$ 4,126
Basic income per share	$ 0.07	$ 0.31
Diluted income per share	$ 0.07	$ 0.29
Basic weighted average common shares outstanding	13,235	13,254
Effect of dilutive securities - options/warrants/restricted stock	569	1,120
Diluted weighted average common shares outstanding	13,804	14,374

See accompanying notes to consolidated financial statements - unaudited

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Cash flows from operating activities:		
Net income	$ 962	$ 4,126
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	1,314	1,106
Non-cash compensation	327	656
Provision for bad debts	889	283
Deferred rent expense	30	89
Realized loss on marketable securities	41	3
Deferred taxes	--	(104)
Changes in:		
Accounts receivable	401	(3,745)
Due from factor	(7,213)	(10,864)
Inventories	5,700	(2,205)
Prepaid expenses, prepaid taxes, deposits and other assets	(557)	1,270
Accounts payable and other accrued expenses	1,659	(1,711)
Net cash provided by (used in) operating activities	3,553	(11,096)
Cash flows from investing activities:		
Purchase of property and equipment	(1,353)	(2,017)
Purchase of marketable securities	(426)	(20,707)
Sale/redemption of marketable securities	1,003	3,050
Net cash used in investing activities	(776)	(19,674)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	2,050	
Common stock purchased for treasury	(5,494)	
Repayment of lease obligations	--	(1)
Net cash used in financing activities	(3,444)	(1)
Net decrease in cash and cash equivalents	(667)	(30,771)
Cash and cash equivalents - beginning of period	30,853	53,073
Cash and cash equivalents - end of period	$ 30,186	$ 22,302

See accompanying notes to consolidated financial statements - unaudited

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Unaudited
March 31, 2005
($ in thousands except per share data)

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") and the results of its operations and cash flows for the periods presented. The results of its operations for the three-month period ended March 31, 2005 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, 2004 included in the Annual Report of Steven Madden, Ltd. on Form 10-K filed with the SEC on March 16, 2005, as amended on April 11, 2005.

NOTE B - MARKETABLE SECURITIES

Marketable securities consist primarily of corporate bonds, U.S. treasury notes and government asset-backed securities with maturities greater than three months and up to five years at the time of purchase as well as marketable equity securities. 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

The Company recognizes revenue on wholesale sales when products are shipped pursuant to our standard terms which are freight on board (FOB) warehouse. Sales reductions for anticipated discounts and allowances are recognized when sales are recorded. Customers retain the right to product replacement for poor quality or improper or short shipments, which have historically been immaterial. Retail sales are recognized when the payment is received from customers and are recorded net of returns. The Company earns commission income as a buying agent through its Adesso-Madden Division by arranging to produce private label shoes to the specifications of its clients. Commission revenue is recognized as earned when title of the product transfers from the manufacturer to the customer and is recorded on a net basis.

The Company licenses its Steve Madden trademark for use in connection with the manufacturing, marketing and sale of belts, sunglasses, eyewear and hosiery. Each license agreement requires the licensee to pay to the Company a royalty and advertising fee based on net sales. A minimum royalty and advertising fee is due the Company in the event that specified net sales targets are not achieved. Licensing revenue is recognized on the basis of net sales reported by the licensees or, if greater, minimum guaranteed royalties when received and earned. In substantially all of the Company's license agreements, the minimum guaranteed royalty is earned and payable on a quarterly basis (due in advance on the first day of the quarter).

NOTE E - SALES DEDUCTIONS

The Company supports retailers' initiatives to maximize the sales of its products on the retail floor by subsidizing the co-op advertising programs of such retailers, providing them with inventory markdown allowances and participating in various other marketing initiatives of its major customers. These expenses are reflected in the financial statements as deductions to net sales. For the three-month periods ended March 31, 2005 and 2004, the total deduction to net sales for these expenses was $8,516 and $7,785 respectively.

($ in thousands except per share data)

NOTE F - COST OF SALES

All costs incurred to bring finished products to the Company's distribution center are included in the cost of sales line item on the Consolidated Statement of Operations. These include purchase commissions, letter of credit fees, F.O.B. costs, sample expenses, custom duty, inbound freight, labels and product packaging. All warehouse and distribution costs are included in the operating expenses line item of the Company's Consolidated Statement of Operations. The Company classifies all shipping costs to customers as operating expenses. The Company's gross margins may not be comparable to other companies in the industry because some companies may include warehouse and distribution costs as a component of cost of sales, while other companies report on the same basis as the Company and include them in operating expenses.

NOTE G - NET INCOME PER SHARE OF COMMON STOCK

Basic income per share is based on the weighted average number of common shares outstanding during the period. 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 unvested and unissued shares promised to employees which have a dilutive effect. For the purposes of calculating the diluted income per share for the three months ended March 31, 2005 and 2004, stock options representing approximately 1,202,000 and 100,000 shares, respectively, have been excluded because including the shares would be anti-dilutive.

NOTE H - 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 provide pro forma disclosures of net income and earnings 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 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 2003 as an amendment to 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 March 31,	
	2005	2004
Reported net income	$ 962	$ 4,126
Stock-based employee compensation included in reported net income, net of tax	82	
Stock-based employee compensation determined under the fair value based method, net of tax	(538)	(820)
Pro forma net income	$ 506	$ 3,306
Basic income per share:		
As reported	$ 0.07	$ 0.31
Pro forma	$ 0.04	$ 0.25
Diluted income per share:		
As reported	$ 0.07	$ 0.29
Pro forma	$ 0.04	$ 0.23

NOTE I - COMPREHENSIVE INCOME

Comprehensive income for the three month periods ended March 31, 2005 and 2004, after considering other comprehensive income including unrealized loss on marketable securities of $330 and $16, was $632 and $4,110, respectively.

NOTE J - RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2004, the Financial Accounting Standards Board ("FASB") issued the Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." This statement requires that all share-based payments to employees be recognized in the financial statements based on their fair values on the date of grant. The Company currently uses the intrinsic value method to measure compensation expense for stock-based awards. Note H, entitled Stock-Based Compensation, provides a pro forma net income and earnings per share as if the Company had used a fair-value based method provided by SFAS 123R to measure stock-based compensation for the periods ending March 31, 2005 and 2004. On April 14, 2005, the SEC amended the compliance dates for SFAS 123R, which extended the Company's required adoption date of SFAS 123R to the first quarter of 2006. The Company is evaluating the requirements of SFAS 123R and expects that its adoption will have a material impact on the Company's results of operations and earnings per share.

NOTE K - COMMITMENTS, CONTINGENCIES AND OTHER

[1] Indictment:

On June 20, 2000, Steven Madden, the Company's former Chairman and Chief Executive Officer, was indicted in the United States District Courts for the Southern District and Eastern District of New York. The indictments alleged that Mr. Madden engaged in securities fraud and money laundering activities. In addition, the Securities and Exchange Commission filed a complaint in the United States District Court for the Eastern District of New York alleging that Mr. Madden violated Section 17(a) of the Securities Exchange Act of 1934, as amended. On May 21, 2001, Steven Madden entered into a plea agreement with the U.S. Attorney's Office, pursuant to which he pled guilty to four of the federal charges filed against him. In addition, Mr. Madden reached a separate settlement agreement with the Securities and Exchange Commission regarding the allegations contained in its complaint. As a result, Mr. Madden resigned as the Company's Chief Executive Officer and as a member of the Company's Board of Directors effective July 1, 2001. Mr. Madden agreed to serve as the Company's Creative and Design Chief, a non-executive position. On April 4, 2002, Mr. Madden was sentenced in the United States District Court for the Southern District of New York to forty-one (41) months' imprisonment in connection with two of the federal charges to which he pled guilty.

On May 3, 2002, Mr. Madden was sentenced in the United States District Court for the Eastern District of New York to forty-one (41) months' imprisonment in connection with the remaining two charges to which he pled guilty. The sentences ran concurrently. Under the settlement agreement with the Securities and Exchange Commission, Mr. Madden agreed to not serve as an officer or director of a publicly traded company for 7 years. Neither the indictments nor the Securities and Exchange Commission complaint allege any wrongdoing by the Company or its other officers and directors. Mr. Madden began serving his sentence in September of 2002. On April 14, 2005, Mr. Madden was released from federal prison and has returned to work at the Company as its Creative and Design Chief, a non-executive position.

In December 2001, the Company purchased a loss mitigation policy to cover costs arising out of lawsuits related to the June 2000 federal indictment of Steven Madden described above. The policy covers the Company's anticipated damages and legal costs in connection with such lawsuits. The Company is obligated to pay for damages and costs in excess of the policy limits. The cost of the policy was $6.9 million. On June 1, 2004, the aforementioned lawsuits were settled for damages and costs that were below the policy limits.

NOTE K - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

[2] Other Actions:

(a) On December 15, 2003, the Company commenced an action against LaRue Distributors, Inc. ("LaRue") in the United States District Court for the Southern District of New York. The Company seeks a declaratory judgment that the Company properly terminated a license agreement with LaRue and seeks monetary damages for breaches of the license agreement and trademark infringement by LaRue. Subsequently, LaRue served an answer and counterclaim alleging that the license agreement was improperly terminated by the Company and is seeking $9.9 million compensatory and punitive damages. The Company filed an answer denying any liability with respect to the counterclaim. The parties submitted cross-motions for summary judgment on February 28, 2005. If neither motion is granted, a trial will be scheduled for later in 2005. The Company believes that it has substantial defenses to the counterclaims asserted by LaRue. Notwithstanding the Company's assertion of its substantial defenses, the Company has retained an expert who has calculated the damages to LaRue, assuming LaRue prevails on its claim of improper termination of the license agreement, to be less than $1 million.

(b) On or about July 9, 2004, an action was filed in the United States District Court for the Southern District of New York against the Company by Robert Marc for trademark infringement, captioned Robert Marc v. Steven Madden, Ltd. Case No. 04 CV 5354 (JGK). In the action, Robert Marc claimed trademark infringement in connection with a "bar and dot" design on the sides of certain eyewear. The alleged infringing eyeglasses are manufactured and sold by the Company's licensee for eyewear, Colors in Optics, which is also a defendant in the action. Colors in Optics has assumed responsibility for the defense of this action. The matter was settled with no payment of money by Steven Madden, Ltd. The Company signed the settlement papers on or about February 10th, 2005 and a dismissal will be filed shortly.

(c) On or about December 20, 2004, an action was filed in the United States District Court for the Central District of California against the Company by Global Brand Marketing, Inc. (GBMI) for patent infringement, captioned Global Brand Marketing, Inc. v. Steven Madden, Ltd., Case No. CV 04-10339 (RJK-AJW (RZx)). In the action, GBMI claims infringement of a design patent in connection with a shoe sold by Steven Madden, Ltd. referred to as the "Ronan." The parties settled the matter on or about April 5, 2005 and a dismissal was filed on April 27, 2005. Steven Madden, Ltd. will be selling off its remaining inventory of the Ronan shoe over the next few months. The settlement did not have a material effect on the Company's financial position.

(d) The Company has been named as a defendant in certain other 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.

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 unaudited Financial Statements and Notes thereto appearing elsewhere in this quarterly report on Form 10-Q.

Statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this quarterly report on Form 10-Q as well as statements made in press releases and oral statements that may be made by the Company or by its officers, directors or employees 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 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", "projects" 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.

Overview:
($ in thousands, except retail sales data per square foot)

As forecasted, the first quarter of 2005 proved to be very challenging for the Company. Net Income decreased from $4,126 in 2004 to $962 in 2005. Reasons for the decrease include an increase in operating expenses due to an increase in accounting and professional fees incurred by the Company in connection with management's assessment and the audit of internal controls pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and additional occupancy and personnel expense to support the growth in the retail division. Additionally, the net sales increase of 6% was offset by a decrease of 6% in gross profit. The reduction of gross profit is attributable to several factors including:

1. The closeout of slow moving inventory at both wholesale and retail.

2. Increased markdown and allowance costs, particularly in the Candies, l.e.i., and Steven Wholesale Divisions.

3. Increased promotional activities at retail.

4. The continuation of competitive pricing pressures in newer product categories.

The Company anticipates gross margin pressure to continue throughout 2005 in both the Wholesale and Retail Divisions.

The Company continued its strategy of growing the Retail Division by opening three new stores while closing two under-performing stores in the first quarter of 2005. Net sales in the retail division increased 12% to $26,475 in the first quarter of 2005 from $23,701 for the same period of 2004. Same store sales (sales in stores that were in operation throughout all of the first quarters of 2004 and 2005) increased 6% following an 8% same store sales growth last year. Store sales productivity remained high with sales per square foot of $690 compared to $682 last year. The Company is planning to open nine to twelve (9-12) new stores during the balance of 2005.

The Company's annualized inventory turnover increased to 8.0 times in first quarter of 2005 compared to 7.6 times in the fourth quarter of 2004, reflecting the above mentioned decrease in inventory levels. The Company's accounts receivable average collection days increased to 67 days in the first quarter of 2005 from 64 days for the same period of 2004. The increase in days outstanding is attributable to an increase in sales with mass merchant retailers who typically are allowed extended payment terms.

As of March 31, 2005, the Company had $78,122 in cash, cash equivalents and marketable securities, no short or long term debt, and total stockholders equity of $162,180. Working capital increased to $101,632 as of March 31, 2005 compared to $101,417 on December 31, 2004. The Company repurchased 309,000 shares of common stock this quarter at a cost of $5,494, reflecting management's continued confidence in the Company's long-term prospects and its commitment to enhance shareholder value.

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

Selected Financial Information
Three Months Ended
March 31
($ in thousands)

	2005		2004	
CONSOLIDATED:				
Net Sales	$ 83,336	100%	$ 78,768	100%
Cost of Sales	55,018	66	47,496	60
Gross Profit	28,318	34	31,272	40
Other Operating Income	1,947	2	1,416	2
Operating Expenses	29,044	35	26,108	34
Income from Operations	1,221	1	6,580	8
Interest and Other Income, net	438	1	534	1
Income Before Income Taxes	1,659	2	7,114	9
Net Income	962	1	4,126	5
By Segment:				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd. (Madden Womens):				
Net Sales	$ 27,908	100%	$ 25,534	100%
Cost of Sales	20,563	74	16,703	65
Gross Profit	7,345	26	8,831	35
Other Operating Income	580	2	520	2
Operating Expenses	7,713	27	6,824	27
Income from Operations	212	1	2,527	10
l.e.i. Footwear:				
Net Sales	$ 7,215	100%	$ 11,125	100%
Cost of Sales	4,936	68	7,320	66
Gross Profit	2,279	32	3,805	34
Operating Expenses	2,052	29	2,910	26
Income from Operations	227	3	895	8
Madden Mens:				
Net Sales	$ 11,104	100%	$ 6,569	100%
Cost of Sales	7,127	64	4,408	67
Gross Profit	3,977	36	2,161	33
Operating Expenses	2,833	26	1,834	28
Income from Operations	1,144	10	327	5
Candie's Footwear:				
Net Sales	$ 4,025	100%	$ 3,216	100%
Cost of Sales	3,387	84	2,108	66
Gross Profit	638	16	1,108	34
Operating Expenses	1,475	37	959	30
Income (Loss) from Operations	(837)	(21)	149	4

Selected Financial Information
Three Months Ended
March 31
($ in thousands)

By Segment (Continued):	2005		2004	
WHOLESALE DIVISIONS (Continued):				
Diva Acquisition Corp. (Steven):				
Net Sales	$ 4,225	100%	$ 5,249	100%
Cost of Sales	2,753	65	2,920	56
Gross Profit	1,472	35	2,329	44
Operating Expenses	1,303	31	1,049	20
Income from Operations	169	4	1,280	24
Stevies Inc.:				
Net Sales	$ 1,972	100%	$ 3,325	100%
Cost of Sales	1,458	74	2,153	65
Gross Profit	514	26	1,172	35
Operating Expenses	465	24	683	21
Income from Operations	49	2	489	14
Unionbay Men's Footwear:				
Net Sales	$ 412	100%	$ 49	100%
Cost of Sales	251	61	56	114
Gross Profit	161	39	(7)	(14)
Operating Expenses	79	19	163	333
Income (Loss) from Operations	82	20	(170)	(347)
RETAIL DIVISION:				
Steven Madden Retail Inc.:				
Net Sales	$ 26,475	100%	$ 23,701	100%
Cost of Sales	14,543	55	11,828	50
Gross Profit	11,932	45	11,873	50
Operating Expenses	12,402	47	11,104	47
Income (Loss) from Operations	(470)	(2)	769	3
Number of Stores	92		83	
ADESSO MADDEN INC.:				
(FIRST COST)				
Other Operating Revenue	$ 1,367	100%	$ 896	100%
Operating Expenses	722	53	582	65
Income from Operations	645	47	314	35

RESULTS OF OPERATIONS
($ in thousands)

Three Months Ended March 31, 2005 vs. Three Months Ended March 31, 2004

Consolidated:

Total net sales for the three month period ended March 31, 2005 increased by 6% to $83,336 from $78,768 for the comparable period of 2004. Sales increases from the Retail Division, the Madden Mens Wholesale Division, the Madden Womens Wholesale Division and the Candie's Wholesale Division were partially offset by declines in the l.e.i., Stevies and Steven Wholesale Divisions.

Gross profit as a percentage of sales decreased to 34% in 2005 from 40% in 2004. This decrease was primarily due to the Company's decision to closeout slow moving inventory. Additionally, the weaker than anticipated performance of the l.e.i., Candie's and Steven Wholesale Divisions at retail necessitated high levels of inventory markdowns which resulted in lower than expected margins. Finally, the heavy and persistent promotional activities throughout the quarter negatively affected the gross margin.

Operating expenses increased to $29,044 in 2005 from $26,108 in 2004. This increase resulted from higher sales commissions and selling related expenses due to the increase in sales, increased professional and accounting fees incurred by the Company in connection with managements assessment and the audit of internal controls pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, and occupancy expenses associated with the operation of an additional nine retail stores (net).

Commission and licensing fee income was $1,947 in 2005 compared to $1,416 in 2004. Income from operations was $1,221 in 2005 compared to $6,580 in 2004. Net income was $962 in 2005 compared to $4,126 in 2004. The decrease in income was primarily due to the lower margins and increased expenses described directly above.

Wholesale Divisions:

Steven Madden, Ltd. (Madden Womens, l.e.i. Footwear, Madden Mens and Candie's Footwear):

Sales from the Madden Womens Wholesale Division ("Madden Womens") accounted for $27,908 or 33%, and $25,534 or 32%, of total sales in 2005 and 2004, respectively. The increase in sales resulted from sales to specialty footwear retailers as well as Nordstrom, Dillards, May and Federated. Gross profit as a percentage of sales decreased to 26% in 2005 from 35% in 2004, primarily due to the closeouts of slow moving inventory and an increase in markdowns and allowances caused by higher promotional activities at retail in the first quarter of 2005. Operating expenses increased to $7,713 in 2005 from $6,824 in 2004, primarily due to increased professional and accounting fees incurred in connection with managements assessment and the audit of internal controls pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, and increases in selling and related expenses. Income from operations for Madden Womens was $212 in 2005 compared to $2,527 in 2004.

Sales from the l.e.i. Footwear Wholesale Division ("l.e.i.") accounted for $7,215 or 9%, and $11,125 or 14%, of total sales in 2005 and 2004, respectively. This decrease in sales was projected based on the decision to shrink or exit accounts with little potential for future profitability. Gross profit as a percentage of sales decreased to 32% in 2005 from 34% in 2004, primarily due to the liquidation of slow moving inventory and higher inventory markdowns and clearance at retail. Operating expenses decreased to $2,052 in 2005 from $2,910 in 2004 due to decreases in payroll and payroll related expenses and selling and selling related expenses. Income from operations for l.e.i. was $227 in 2005 compared to $895 in 2004.

Sales from the Madden Mens Wholesale Division ("Madden Mens") accounted for $11,104 or 13%, and $6,569 or 8%, of total sales in 2005 and 2004, respectively. This 69% increase in sales was primarily due to the success of key styles including "denim-friendly" low profile casual shoes and core dress styles. Gross profit as a percentage of sales increased to 36% in 2005 from 33% in 2004, reflecting the Mens division's substantial reductions of markdowns and allowances. Operating expenses increased to $2,833 in 2005 from $1,834 in 2004 due to increased selling and selling related expenses. Income from operations for Madden Mens was $1,144 in 2005 compared to $327 in 2004.

Sales from the Candie's Wholesale Division ("Candie's") accounted for $4,025 or 5%, and $3,216 or 4%, of total sales in 2005 and 2004, respectively. Under the Company's amended license agreement, management will continue, through the end of 2006, to design, manufacture and distribute Candie's footwear in a variety of specialty and department stores, including Kohl's, all in conjunction with the launch of Candie's apparel at Kohl's this coming Fall. Beginning on January 1, 2007, the Company will be permitted to sell Candies branded footwear only to Kohl's. Due to the timing of the announcement of the Kohl's arrangement at the front end of the Spring 2005 season and the reluctance of some customers to invest longer term in Candie's, during the quarter the Company embarked on an aggressive liquidation strategy which severely affected the gross profit, positioning the Company for a clean launch with Kohl's for the upcoming fall season. As a result, gross profit as a percentage of sales decreased to 16% in 2005 from 34% in 2004. Operating expenses increased to $1,475 in 2005 from $959 in 2004 due to increases in licensing fees and selling and selling related expenses in order to accommodate top line growth. Loss from operations for Candie's was $837 in 2005 compared to income from operations of $149 in 2004.

Diva Acquisition Corp. ("Steven"):

Sales from Steven accounted for $4,225 or 5%, and $5,249 or 7%, of total sales in 2005 and 2004, respectively. The Steven division maintained a substantial portion of the sales and market share growth that it achieved last year, when revenue grew 114% over 2003. The decrease in sales was due to disappointing sales of closed toe dress shoes which were last year's best performers. Gross profit as a percentage of sales decreased to 35% in 2005 from 44% in 2004, primarily due to the liquidation of slow moving inventory and an increase in markdowns and allowances caused by higher levels of promotional activities at retail in the first quarter of 2005. Operating expenses increased to $1,303 in 2005 from $1,049 in 2004, due to increases in payroll and payroll related expenses and marketing and advertising expenses. Income from operations for Steven was $169 in 2005, compared to $1,280 in 2004.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $1,972 or 2%, and $3,325 or 4%, of total sales in 2005 and 2004, respectively. The decrease was due to management's decision to eliminate customers with little potential for future profitability. Gross profit as a percentage of sales decreased to 26% in 2005 from 35% in 2004, primarily due to pricing pressures and the liquidation of slow moving inventory. Operating expenses decreased to $465 in 2005 from $683 in 2004 due to decreases in selling and selling related expenses and marketing and advertising expenses. Income from operations for Stevies was $49 in 2005 compared to $489 in 2004.

Unionbay Men's Footwear ("Unionbay"):

Unionbay, the Company's license for young men's footwear, generated net sales of $412 in 2005 compared to $49 in 2004. This increase was the result of the re-launch of Unionbay this spring in select, mid-tier department stores. Management is closely monitoring the retail performance of these new shoes and, while remaining cautious in the Company's outlook for contribution from Unionbay because of private label competition, management believes that with a better product assortment and pricing model, Unionbay will increase profitability.

Retail Division:
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Sales from the Retail Division accounted for $26,475 or 32% and $23,701 or 30% of total sales in 2005 and 2004, respectively. As of March 31, 2005, there were 92 retail stores compared to 83 retail stores as of March 31, 2004. Comparable store sales (sales of those stores that were open for all of 2005 and 2004) for the three-month period ended March 31, 2005 increased 6% over the same period of 2004. This growth in comparable store sales came on top of an 8% comparable store sales growth achieved last year. This increase was achieved through the early release and success of the opened up sandals, continued success of key styles such as dress shoes with details and ornaments and a greater contribution from the Mens division. Gross profit as a percentage of sales decreased to 45% in 2005 from 50% in 2004, primarily due to an increase in promotional activity and the liquidation of slow moving inventory. Operating expenses for the Retail Division were $12,402 in 2005 and $11,104 in 2004. This increase in dollars was primarily due to increased payroll and payroll related expenses and higher occupancy expenses associated with the operation of an additional nine stores (net) since last year. Loss from operations for the Retail Division was $470 in 2005 compared to income from operations of $769 in 2004, due to the lower margins and the higher operating expenses related to additional new stores. Management anticipates the retail division to return to profitability in the near future.

Adesso-Madden Division:
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Adesso-Madden, Inc. generated commission revenues of $1,367 in 2005, compared to $896 in 2004. This increase was the result of increases in commission revenue from certain private label customers, expansion of the Company's private label business in Men's, the addition of several new specialty retailers to the private label agency list and the cumulative contribution of commissions on international sales made on a direct-from-factory basis. Operating expenses increased to $722 in 2005 from $582 in 2004, due to increases in licensing fees paid. Income from operations for Adesso-Madden was $645 in 2005 compared to $314 in 2004.

LICENSE AGREEMENTS

Revenue generated from licensing was $580 in 2005 compared to $520 in 2004. This increase reflects the success of the Company's license products at retail. As of March 31, 2005, the Company had four license partners covering four product categories of its Steve Madden brand. The product categories include hosiery, sunglasses, eyewear and belts.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $101,632 at March 31, 2005 compared to $101,417 at December 31, 2004.

Under the terms of a factoring agreement with Capital Factors, Inc. (Capital), the Company is eligible to draw down 80% of its invoiced receivables at an interest rate of one point below the Prime Rate as defined in the agreement. The agreement with Capital will continue in full force until terminated by either party upon sixty days notice. Capital maintains a lien on all of the Company's receivables and assumes the credit risk for all assigned accounts approved by them. Under the agreement, the Company has a credit line of $15 million. As of March 31, 2005 the Company had not used any portion of the credit line.

On April 29, 2005, the Company entered into a factoring agreement with GMAC Commercial Finance LLC (GMAC). The agreement provides the Company with a $25 million credit facility with a $15 million sub-limit on direct borrowings. The interest rate on borrowings is two and one-half percent (2.5%) over the 30 day LIBOR Rate. GMAC will maintain a lien on all of the Company's receivables and assume the credit risk for all assigned accounts approved by them. The Company anticipates that it will transition from Capital to GMAC on or about July 1, 2005.

As of March 31, 2005 the Company had invested $47,936 in marketable securities consisting of corporate bonds, U.S. Treasury notes, government asset-backed securities and equities.

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.

OPERATING ACTIVITIES

During the three month period ended March 31, 2005, net cash provided by operating activities was $3,553. Sources of cash were provided principally by a decrease in inventory of $5,700, an increase in accounts payable and other accrued expenses of $1,659 and by net income of $962. The primary uses of cash were an increase in factored accounts receivable of $7,213, caused by sales to mid-tier customers who typically have longer payment terms and an increase in prepaid expenses, deposits and other assets of $557.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations as of March 31, 2005 were as follows:

Payment due by period (in thousands)

Contractual Obligations	Total	Remainder of 2005	2006-2008	2009-2010	2011 and after
Long-Term Debt Obligations	$ 0	$ 0	$ 0	$ 0	$ 0
Capital Lease Obligations	0	0	0	0	0
Operating Lease Obligations	74,656	8,567	33,196	15,793	17,100
Purchase Obligations	16,021	16,021	0	0	0
Other Long-Term Liabilities (future minimum royalty payments)	4,606	2,003	2,603	0	0
Total	$ 95,283	$ 26,591	$ 35,799	$ 15,793	$ 17,100

At March 31, 2005, the Company had un-negotiated open letters of credit for the purchase of imported merchandise of approximately $16,021.

The Company has employment agreements with certain executives, which provide for the payment of compensation aggregating approximately $1,298 in 2005, $956 in 2006 and $718 in 2007. 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 and China. The Company has not entered into any long-term manufacturing or supply contracts with any of these overseas manufacturers. 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 98% of its purchases in U.S. dollars.

INVESTING ACTIVITIES

During the three month period ended March 31, 2005, the Company invested $426 in marketable securities and received $1,003 from maturities and sales of securities. In addition, the Company incurred capital expenditures of $1,353 principally for leasehold improvements for the three additional retail stores that were opened during the period and computer systems upgrades.

FINANCING ACTIVITIES

During the three month period ended March 31, 2005, the Company repurchased 308,657 shares of the Company's common stock at a total cost of $5,494.

INFLATION

The Company does not believe that the relatively low rates of inflation experienced over the last few years in the United States, where it primarily competes, have had a significant impact on sales, expenses or profitability.

CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon the Company's unaudited consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. Estimates by their nature are based on judgments and available information. Estimates are made based upon historical factors, current circumstances and the experience and judgment of management. Assumptions and estimates are evaluated on an ongoing basis and the Company may employ outside experts to assist in evaluations. Therefore, actual results could materially differ from those estimates under different assumptions and conditions. Management believes the following critical accounting estimates are more significantly affected by judgments and estimates used in the preparation of the Company's consolidated financial statements: accounts receivable and inventory reserves, valuation of intangible assets, and litigation reserves.

Allowances for bad debts, returns, and customer chargebacks. The Company provides reserves against its trade accounts receivables for future customer chargebacks, co-op advertising allowances, discounts, returns and other miscellaneous deductions that relate to the current period. The reserve against the Company's non-factored trade receivables also includes estimated losses that may result from customers' inability to pay. The amount of the reserve is determined by analyzing aged receivables, current economic conditions, the prevailing retail environment and historical dilution levels for customers. Failure to correctly estimate the amount of the reserve could materially impact the Company's results of operation and financial position.

Inventory reserves. Inventories are stated at lower of cost or market, on a first in first out basis. The Company reviews inventory on a regular basis for excess and slow moving inventory. The review is based on an analysis of inventory on hand, prior sales, and expected net realizable value through future sales. The analysis includes a review of inventory quantities on hand at period-end in relation to year-to-date sales and projections for sales in the foreseeable future. The Company considers quantities on hand in excess of estimated future sales to be at risk for market impairment. The net realizable value, or market value, is determined based on the estimate of sales prices of such inventory through off-price or discount store channels. The likelihood of any material inventory write-down is dependent primarily on the expectation of future consumer demand for the Company's product. A misinterpretation or misunderstanding of future consumer demand for the Company's product, the economy, or other failure to estimate correctly, could result in inventory valuation changes, either favorably or unfavorably, compared to the valuation determined to be appropriate as of the balance sheet date.

Valuation of intangible assets. SFAS No. 142, which was adopted by the Company on January 1, 2002, requires that goodwill and intangible assets with indefinite lives no longer be amortized, but rather be tested for impairment at least annually. This pronouncement also requires that intangible assets with finite lives be amortized over their respective lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144. In accordance with SFAS No. 144, long-lived assets, such as property, equipment, leasehold improvements and goodwill subject to amortization, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Litigation reserves. Estimated amounts for litigation claims that are probable and can be reasonably estimated are recorded as liabilities in the Company's consolidated balance sheet. The likelihood of a material change in these estimated reserves would be dependent on new claims as they may arise and the favorable or unfavorable events of a particular litigation. As additional information becomes available, management will assess the potential liability related to the pending litigation and revise their estimates. Such revisions in management's estimates of the contingent liability could materially impact the Company's results of operation and financial position.

All costs incurred to bring finished products to the warehouse are included in the cost of sales line item of the Company's Consolidated Statement of Operations. These include purchase commissions, letter of credit fees, FOB costs, sample expenses, custom duty, inbound freight, labels and product packaging. All warehouse and distribution costs are included in the operating expenses line item of the Company's Consolidated Statement of Operations. The Company classifies all shipping costs to customers as operating expenses. The Company's gross margins may not be comparable to other companies in the industry because some companies may include warehouse and distribution costs as a component of cost of sales, while other companies report on the same basis as the Company and include them in operating expenses.

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 that 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 return to 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 that might be necessary to reduce inventory levels. 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 account receivable.

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 three-month period ended March 31, 2005, approximately 92% of the Company's products were purchased from sources outside the United States, primarily from China and Brazil.

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. Other risks include, 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, branding of the Steve Madden name, 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 Mens, l.e.i.(R) , Unionbay(R) and Candie's(R) brands, creating new product categories and businesses and operating Company-owned stores on a profitable basis. During the first quarter of 2005, the Company opened three (3) Steve Madden retail stores and has plans to open approximately nine to twelve (9-12) additional stores during the remainder of 2005. 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 can be maintained or will increase 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 operations have expanded and will continue to place additional demands 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 product mix 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 utilization could have a material adverse effect on the Company's business, financial condition and results of operations.

Foreign Currency Fluctuations. The Company makes approximately ninety-eight percent (98%) of its purchases 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 May 5, 2005 there were outstanding options to purchase an aggregate of approximately 2,012,003 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 options are outstanding, they may adversely affect the terms on which the Company could obtain additional capital, if required.

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 for the purchase of it's 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 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, 2004. On December 31, 2004 and December 31, 2003, there were no direct borrowings outstanding under the credit agreement.

As of March 31, 2005, the Company had investments in marketable securities valued at $47,936,000 which consist principally of federal and state obligations, corporate bonds that have various maturities through December 2009 and marketable equity securities. The debt investments are subject to interest rate risk and will decrease in value if market interest rates increase. The Company currently has the ability to hold these investments until maturity. Should there be a significant increase in interest rates, the value of these investments would be negatively affected unless they were held to maturity. In addition, any further decline in interest rates would reduce the Company's interest income.

ITEM 4. CONTROLS AND PROCEDURES

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its 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 the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of the end of the fiscal quarter covered by this quarterly report. As required by Rule 13a-15(d) under the Exchange Act, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the Company's 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, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

Part II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Certain legal proceedings in which the Company is involved are discussed in Note J to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004; Part I, Item 3, of the Company's Annual Report on Form 10-K for the year ended December 31, 2004. The following discussion is limited to recent developments concerning certain of the Company's legal proceedings and should be read in conjunction with those earlier Reports. Unless otherwise indicated, all proceedings discussed in those earlier Reports remain outstanding.

Indictment:

On June 20, 2000, Steven Madden, the Company's former Chairman and Chief Executive Officer, was indicted in the United States District Courts for the Southern District and Eastern District of New York. The indictments alleged that Mr. Madden engaged in securities fraud and money laundering activities. In addition, the Securities and Exchange Commission filed a complaint in the United States District Court for the Eastern District of New York alleging that Mr. Madden violated Section 17(a) of the Securities Exchange Act of 1934, as amended. On May 21, 2001, Steven Madden entered into a plea agreement with the U.S. Attorney's Office, pursuant to which he pled guilty to four of the federal charges filed against him. In addition, Mr. Madden reached a separate settlement agreement with the Securities and Exchange Commission regarding the allegations contained in its complaint. As a result, Mr. Madden resigned as the Company's Chief Executive Officer and as a member of the Company's Board of Directors effective July 1, 2001. Mr. Madden agreed to serve as the Company's Creative and Design Chief, a non-executive position. On April 4, 2002, Mr. Madden was sentenced in the United States District Court for the Southern District of New York to forty-one (41) months' imprisonment in connection with two of the federal charges to which he pled guilty.

On May 3, 2002, Mr. Madden was sentenced in the United States District Court for the Eastern District of New York to forty-one (41) months' imprisonment in connection with the remaining two charges to which he pled guilty. The sentences ran concurrently. Under the settlement agreement with the Securities and Exchange Commission, Mr. Madden agreed to not serve as an officer or director of a publicly traded company for 7 years. Neither the indictments nor the Securities and Exchange Commission complaint allege any wrongdoing by the Company or its other officers and directors. Mr. Madden began serving his sentence in September of 2002. On April 14, 2005, Mr. Madden was released from federal prison and has returned to work at the Company as its Creative and Design Chief, a non-executive position.

In December 2001, the Company purchased a loss mitigation policy to cover costs arising out of lawsuits related to the June 2000 federal indictment of Steven Madden described above. The policy covers the Company's anticipated damages and legal costs in connection with such lawsuits. The Company is obligated to pay for damages and costs in excess of the policy limits. The cost of the policy was $6.9 million. On June 1, 2004, the aforementioned lawsuits were settled for damages and costs that were below the policy limits.

Other Actions:

On or about December 20, 2004, an action was filed in the United States District Court for the Central District of California against the Company by Global Brand Marketing, Inc. (GBMI) for patent infringement, captioned Global Brand Marketing, Inc. v. Steven Madden, Ltd., Case No. CV 04-10339 (RJK-AJW (RZx)). In the action, GBMI claims infringement of a design patent in connection with a shoe sold by the Company referred to as the "Ronan." The parties settled the matter on or about April 5, 2005 and a dismissal was filed on April 27, 2005. Steven Madden, Ltd. will be selling off its remaining inventory of the Ronan shoe over the next few months. The settlement did not have a material effect on the Company's financial position.

The Company has been named as a defendant in certain other 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS:

The following table provides information as of March 31, 2005 with respect to the shares of common stock repurchased by the Company during the first quarter of fiscal 2005:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Amount of Shares that May Yet Be Purchased Under the Plans or Programs (1)
1/1/05 - 1/31/05	70,000	$18.83	70,000	$ 8,981,428
2/1/05 - 2/28/05	107,460	18.59	107,460	$31,983,393
3/1/05 - 3/31/05	131,197	16.60	131,197	$29,805,626
Total	308,657	17.80	308,657	$29,805,626

(1) The Company's share repurchase program, which became effective as of January 1, 2004, provides for share repurchases in the aggregate amount of $20 million and has no set expiration or termination date. Subsequently, on February 28, 2005, the Board of Directors of the Company authorized and directed that the Company repurchase up to an additional $25 million of its outstanding common stock at such prices and times as are determined to be in the best interest of the Company.

ITEM 6. EXHIBITS

(10.1) Employment Agreement with Robert Schmertz dated March 11, 2005.

(10.2) Employment Agreement with Andrew Shames dated March 8, 2004.

(10.3) Commission Agreement between the Company and Hev Sales, Inc. dated March 8, 2004.

(10.4) Employment Agreement between the Company, Adesso Madden, Inc. and Joseph Masella and T.J.M. Sales Corporation dated May 7, 2002.

(10.5) Amendment No. 1 to Employment Agreement between the Company, Adesso Madden, Inc. and Joseph Masella and T.J.M. Sales Corporation dated September 2, 2002.

(10.6) Amendment No. 2 to Employment Agreement between the Company, Adesso Madden, Inc. and Joseph Masella and T.J.M. Sales Corporation dated September 27, 2002.

(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: May 10, 2005

STEVEN MADDEN, LTD.

/s/ JAMIESON A. KARSON

Jamieson A. Karson
Chairman and Chief Executive Officer

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

Exhibit No	Description
10.1	Employment Agreement with Robert Schmertz dated March 11, 2005.
10.2	Employment Agreement with Andrew Shames dated March 8, 2005.
10.3	Commission Agreement between the Company and Hev Sales, Inc. dated March 8, 2004.
10.4	Employment Agreement between the Company, Adesso Madden, Inc. and Joseph Masella and T.J.M. Sales Corporation dated May 7, 2002.
10.5	Amendment No. 1 to Employment Agreement between the Company, Adesso Madden, Inc. and Joseph Masella and T.J.M. Sales Corporation dated September 2, 2002.
10.6	Amendment No. 2 to Employment Agreement between the Company, Adesso Madden, Inc. and Joseph Masella and T.J.M. Sales Corporation dated September 27, 2002.
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.

Exhibit 10.1

STEVEN MADDEN, LTD.
52-16 BARNETT AVENUE
LONG ISLAND CITY, NY 11104
T (718)-308-2215
F (718)-308-4075

Friday, March 11, 2005

Mr. Robert Schmertz

Dear Robert;

Below are the terms of your employment with Steven Madden, Ltd.:

1. Term of Employment: 07/01/05 to 06/30/07

   Your position with the company is President of Steve Madden, Wholesale Womens Division and Brand Manager for the Steven Madden brand or any other position assigned by the Chief Executive Officer.

2. Salary: $476,438.00 effective 7/1/05 thru 6/30/06
   $500,260.00 effective 7/1/06 thru 6/30/07

   Less such deductions as shall be required to be withheld by applicable law and regulations.

3. Covenant Not to Compete: Executive recognizes that the services to be performed by him hereunder are special and unique. In consideration of the compensation granted herein, the Executive agrees that, in the event he either terminates his employment of his own accord or is terminated by the Company for cause prior to the expiration of this agreement, for a period of 12 months following such termination, he shall not engage in or accept employment with any competitive business for his special and unique services.

4. Expenses: All reasonable and necessary business related expenses including a cellular phone are to be paid by Employer.

5. Automobile: Employer shall pay to Employee $500.00 per month as a car allowance.

6. Vacations: Vacations, sick days and personal days in accordance with executive policy.

7. Signing Bonus: Executive shall receive a signing bonus of $50,000 upon the execution of this Agreement.

8. Bonus: The Corporation shall pay Employee a discretionary bonus in an amount determined solely by the Corporation's Board of Directors.

9. Termination Upon Change of Control: If a Change of Control (as defined below) occurs the Employee shall have the right to terminate this Agreement. At least ten (10) days prior to any such proposed Change of Control, the Company shall notify the Employee of its intention to affect such Change of Control, and the Employee shall hereupon have five (5) days from the actual receipt of such notice to give notice of his intention to terminate this Agreement. If Employee elects to terminate this Agreement as aforesaid, in the event of the Change in Control, Employee will receive 3 X's last years compensation capped at maximum allowed under Section 4999 of the Code.

Steve Madden, Ltd.

/s/ ROBERT SCHMERTZ	/s/ JAMIESON A. KARSON
Robert Schmertz	By: Jamieson A. Karson, CEO

Exhibit 10.2

EMPLOYMENT AGREEMENT

This Employment Agreement dated as of March 8, 2004 (the "Agreement"), by and between Steven Madden, Ltd., ("Executive") a Delaware corporation (the "Company") located at 52-16 Barnett Avenue, Long Island City, NY 11104 and Andrew Shames, residing at 202 Northwood Court, Jericho, New York 11753 ("Executive").

WITNESSETH:

Whereas, Executive and the Company desire to enter into this Agreement.

Now, herefore, in consideration of the mutual covenants contained herein the parties hereby agree as follows:

Effective as of March 8, 2004, this Agreement is hereby as follows:

Section 1. Duties: During the Term (as defined below), Executive shall serve as President of the men's footwear business of the Company. Executive acknowledges that currently the Company operates two men's footwear divisions, Madden Men's and Union Bay and that each such division (or any other subsequent or replacement men's divisions) may have its own president. Executive shall report directly to the Chairman of the men's footwear business of the Company.

Section 2. Term of Employment: (the "Term") The Executive's employment shall commence March 8, 2004 and ending March 31, 2007.

Section 3. COMPENSATION OF EMPLOYEE:

3.1 Base Salary: The Corporation shall pay to the Executive an annual base salary for his services hereunder of One Hundred Fifty Thousand Dollars ($150,000.00), less such deductions as shall be required to be withheld by applicable law and regulations and such base salary shall be paid in substantially equal installments on a basis consistent with the Corporation's payroll practices for employees in similar positions.

3.2 Options and Shares: Executive shall receive for each year of the Term an annual grant, subject to shareholder approval, of 25,000 stock options with a grant date of March 31,2005, March 31,2006 and March 31,2007 with an exercise price equal to market value on the date of grant. These options shall vest quarterly from the grant date and be fully vested over a one-year period. Notwithstanding anything to the contrary contained in this Agreement, Executive shall be entitled to receive the last option grant (subject to shareholder approval) if Executive is employed through the Term. In addition to the above, in order to advise Executive to execute this Agreement, the company agrees that, subject to Executive's continuous employment by the Company from the commencement date of this agreement through the vesting date on March 31, 2007, Executive shall be entitled to receive One hundred thousand dollars ($100,000) cash on March 31,2007.

Section 4. Covenant Not to Compete: Executive recognizes that the service to be performed by him hereunder is special and unique. In consideration of the compensation granted herein, the Executive agrees that, in the event he either terminates his employment of his own accord (without good cause) or is terminated by the Company for cause prior to the expiration of the Term for a period of 12 months following such termination, he shall not engage in or accept employment with any business that competes in any manner with the company.

If Executive's employment with the Company is terminated prior to the expiration of the Term, Executive agrees to forfeit and surrender any unpaid compensation and all unvested outstanding options without further liability to the Company.

ACCEPTED & AGREED BY:

/s/ ANDREW SHAMES

ANDREW SHAMES

/s/ JAMIESON A. KARSON
- ---------------------------------
JAMIESON A. KARSON
CHIEF EXECUTIVE OFFICER
STEVEN MADDEN, LTD

/s/ ARVIND DHARIA
- ---------------------------------
ARVIND DHARIA

CHIEF FINANCIAL OFFICER
STEVEN MADDEN, LTD

Exhibit 10.3

COMMISSION AGREEMENT

This Employment Agreement dated as of March 8th, 2004 (the "Agreement"), by and between the Steve Madden Mens Wholesale division of Steven Madden, Ltd., a Delaware corporation (the "Company") located at 52-16 Barnett Avenue, Long Island City, NY 11104 and Hev Sales Inc. ("Hev") located at 232 Northwood Court, Jericho, NY 11753.

WITNESSETH:

Whereas Hev and the Company desire to enter into this Agreement.

Now, Therefore, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Effective as of the March 8th, 2004, this Original Agreement is hereby as follows:

Title: Sales Organization for Steve Madden Mens Wholesale division of Steven Madden, Unionbay and Adesso Madden (Private Label Company) during the term (as defined below)

Term: from March 8th, 2004 thru March 31st, 2007

Commission on the following sales by Hev Sales, Inc.:

1. Net sales of Madden Mens
$0-$35 million net sales commission rate of .75%
$35 million net sales and greater commission rate of 2%

2. Net sales of Unionbay or Other Men's Mid-Tier brand
All net sales commission rate of 1.25%

3. Private label direct from factory
All net sales: - commission rate of 1.25%

Biweekly guaranteed commission payable to Hev Sales, Inc. in the amount of $17,308.00 (Seventeen thousand, three hundred and eight dollars) against commission earned on sales in accordance with the provisions recited in #1, 2 and 3 above. Annual guarantee commission on $450,000 (Four hundred fifty thousand dollars). Commissions earned on the first sales generating commission of $150,000 shall not be earned commission to Hev.

Start-up Fee: The Corporation shall pay to Hev Sales, Inc., a one-time start-up fee equal to One Hundred Fifty Thousand Dollars ($150,000.00) which shall be payable on March 8th, 2004.

Covenant Not to Compete: Hev recognizes that the service to be performed by it hereunder is special and unique. In consideration of the compensation granted herein, Hev agrees that, in the event it either terminates this agreement of its own accord (without good cause) or it is terminated by the Company for cause prior to the expiration of this agreement, for a period of 12 months following such termination, Hev shall not engage in or accept employment with any competitive business for its special and unique services.

If Hev or Andrew Shames terminates its relationship with the Company prior to the expiration of the term, Hev agrees to forfeit and surrender any unpaid compensation without further liability to the Company.

ACCEPTED & AGREED BY:

/s/ ANDREW SHAMES

ANDREW SHAMES
President
Hev Sales, Inc.

/s/ JAMIESON A. KARSON

JAMIESON A. KARSON
CHIEF EXECUTIVE OFFICER
STEVEN MADDEN, LTD.

/s/ ARVIND DHARIA
- -----------------------------------
ARVIND DHARIA
CHIEF FINANCIAL OFFICER
STEVEN MADDEN, LTD.

Exhibit 10.4

EMPLOYMENT AGREEMENT

This Employment Agreement dated as of May 7th, 2002 (this "Agreement "), by and between Steven Madden, Ltd., a Delaware corporation (the "Company") & Adesso Madden, Inc., and Joseph J. Masella & T.J. M. Sales Corporation.

WITNESSETH:

Whereas, the Executive and the Company desire to this Original Agreement.

Now, Therefore, in consideration of the premises and mutual convenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Effective as of the June 1st, 2002, this Original Agreement is hereby as follows:

Title: You will remain as an officer of Steven Madden, Ltd and its subsidiaries with new titles as follows: Executive Vice President of Adesso Madden, Inc. Executive Chairman of LEI (Division of Steven Madden, Ltd) & Stevies, Inc.

Term: From June 1st, 2002 thru December 31st, 2004

Adesso Madden Inc. (A-M. Inc.,)

1) Commissions on the following sales by Joseph J. Masella:

A. Up to 8 Million Sales - 2%
B. 8 to 10 Million Sales - 1%
C. 10 to 23.5 Million Sales - 1/2%
D. 23.5 to 34 Million Sales - 3%
E. Over 34 Million Sales - 4%

2) Biweekly Draw (guaranteed by Steven Madden, Ltd.) payable to T.J.M. Sales Corporation in the amount of $16,000.00 (Sixteen Thousand Dollars) against commission earned on Sales of A.M. Inc. and Lei Footwear. $416,000 yearly income guaranteed by Steven Madden, Ltd through length of agreement.

L.e.i. Footwear (Division of Steven Madden, Ltd.)

Commission: 2% Commission on Sales to Famous Footwear payable within 45 days after the closing of each quarter which will be payable to T.J.M. Sales Corporation.

Steven Madden, Ltd

Options: 25,000 options of common stock with a grant price base on the fair market value on June 30th. Options will be granted yearly once contract is in effect beginning with the year 2003. These options shall vest quarterly beginning from 9/30/03.

Convenant Not to Compete: Executive recognizes that the services to be performed by him hereunder are special and unique. In consideration of the compensation granted herein, the Executive agrees that, in the event he either terminates his employment of his own accord or is terminated by the Company for cause prior to the expiration of this agreement, for a period of 12 months following such termination, he shall not engage in or accept employment with any competitive business for his special and unique services.

If you terminate your relationship with the Company prior to the expiration of the term, you agree to forfeit and surrender any unearned commissions from the date of such termination forward.

ACCEPTED & AGREED BY:

/s/ JOSEPH J. MASELLA

JOSEPH J. MASELLA

/s/ JAMIESON A. KARSON
- ---------------------------------
JAMIESON A. KARSON
CHIEF EXECUTIVE OFFICER
STEVEN MADDEN, LTD

/s/ ARVIND DHARIA

- ----------------------------------
ARVIND DHARIA
CHIEF FINANCIAL OFFICER
STEVEN MADDEN, LTD

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

Amendment No. 1 to Employment Agreement dated as of September 22, 2003 (this "Amendment") to that certain Employment Agreement, by and between Steven Madden, Ltd., a Delaware corporation (the "Company"), Adesso Madden, Inc. and Joseph J. Masella and TJM Sales Corporation (the "Executive"), as amended.

WITNESSETH

WHEREAS, the Company and the Executive are parties to that certain Employment Agreement dated as of May 7th, 2002 (the "Original Agreement"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Executive and the Company desire to amend the Original Agreement;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. Effective as of the date hereof, the Original Agreement is hereby amended as follows:

1. The section entitled "Title" shall be deleted in its entirety and in lieu thereof the following paragraph shall be inserted:

   Title: President, Candie's Wholesale Division and Executive V.P., Adesso-Madden, Inc., or such other reasonably comparable role as determined by the C.E.O. of the Company. Executive shall be an officer of Steven Madden, Ltd.

2. The section entitled "L.e.i. Footwear (Division of Steven Madden, Ltd.)" shall be deleted in its entirety.

3. The following section shall be added before the section currently entitled Steven Madden, Ltd.:

   Candie's Women's Wholesale Division

   1) Commission on net sales of the Candie's Women's Wholesale Division ....1%, and

   2) 1% of earnings before interest and taxes (EBIT) of Candie's Women's Wholesale Division.

   3) Biweekly Draw payable to T.J.M. Sales Corporation in the amount of $4,000.00 against commissions earned on net sales of Candie's Women's Wholesale Division pursuant to 3.1 and 3.2 above and A.M. Inc. (as provided in the Original Agreement). $104,000 yearly draw to be with recourse and not guaranteed.

   4) Executive shall be reimbursed for ordinary and necessary expenses associated with his Candie's duties in accordance with the Company's policies.

4. If the Candie's license between Steven Madden, Ltd. and Candie's Inc. is terminated and the Company ceases shipment of product bearing the Candie's mark, this entire Amendment shall become null and void and have no force or effect whatsoever, but the Original Agreement shall remain in full force and effect for the remainder of its term.

5. Executive shall be entitled to receive commissions for net sales of L.e.i. product to JCPenney accordance with the provisions of the Original Agreement only for orders procured by him prior to October 1, 2003. Executive will not be entitled to commission for net sales of L.e.i. product to JCPenney for orders received after October 1, 2003, regardless of shipment date.

6. In the event of a change of control of Steven Madden, Ltd. the Company covenants that the terms and conditions of this Agreement, as amended, will be honored in full for the duration of its term.

B. As hereinabove modified, all of the terms and provisions of the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the date first set forth above.

Steven Madden, Ltd.

By: /s/ JAMIESON KARSON

Jamieson Karson
Chief Executive Officer

Adesso-Madden, Inc.

By: /s/ JAMIESON KARSON

Jamieson Karson
Chief Executive Officer

/s/ JOSEPH J. MASELLA

Joseph J. Masella

T.J.M. Sales Corporation

By: /s/ JOSEPH J. MASELLA

Joseph J. Masella
President

Exhibit 10.6

AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT

Amendment No. 2 to Employment Agreement dated as of September 27, 2004 (this "Amendment "), to that certain Employment Agreement, by and between Steven Madden, Ltd., a Delaware corporation (the "Company") & Adesso Madden, Inc., and Joseph J. Masella & TJ M Sales Corporation (the "Executive"), as amended.

WITNESSETH:

WHEREAS, the Company and the Executive are parties to that certain Employment Agreement dated as of May 7, 2002 (the "Original Agreement"), a copy of which is attached hereto as Exhibit A; and Amendment No. 1 dated as of September 22, 2003 which is attached hereto as Exhibit B.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. Effective as of the date hereof, the Original Agreement is hereby amended as follows: The section entitled "Term" shall be amended thru December 31,2006.

B. As hereinabove modified, all of the terms and provisions of the Original Agreement, and Amendment No. 1 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 as of the date first set forth above.

STEVEN MADDEN, LTD

By: /s/ JAMIESON A. KARSON

JAMIESON A. KARSON
CHIEF EXECUTIVE OFFICER

ADESSO-MADDEN, INC.

By: /s/ JAMIESON A. KARSON

JAMIESON A. KARSON
CHIEF EXECUTIVE OFFICER

/s/ JOSEPH J. MASELLA

JOSEPH J. MASELLA

T.J.M SALES CORPORATION

By: /s/ JOSEPH J. MASELLA

JOSEPH J. MASELLA, PRESIDENT

Exhibit 31.1

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 A. 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)) and internal control 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 quarterly 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 quarterly report based on such evaluation; and

d. Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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 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.

Dated: May 10, 2005

By: /s/ JAMIESON A. KARSON

Jamieson A. Karson
Chairman and Chief Executive Officer

Exhibit 31.2

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)) and internal control 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 quarterly 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 quarterly report based on such evaluation; and

d. Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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 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.

Dated: May 10, 2005

By: /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 quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamieson A. Karson, 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/ JAMIESON A. KARSON
- -----------------------------------
Jamieson A. Karson
Chairman and Chief Executive Officer
May 10, 2005

Exhibit 32.2

STEVEN MADDEN, LTD.
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 of Steven Madden, Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (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 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
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Arvind Dharia
Chief Financial Officer
May 10, 2005