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

FORM 10-Q

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

For the quarterly period ended June 30, 2004

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

For the transition period from ____________ to ____________

Commission File Number 0-23702

STEVEN MADDEN, LTD.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

As of August 2, 2004, the latest practicable date, there were 13,237,405 shares of common stock, $.0001 par value, outstanding.

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
June 30, 2004

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands)

	June 30, 2004 (unaudited)	December 31, 2003	June 30, 2003 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 16,287	$ 53,073	$ 25,172
Accounts receivable, net of allowances of $688, $452 and $452	6,143	4,281	3,385
Due from factor, net of allowances of $1,973, $1,926 and $1,903	42,013	28,748	35,401
Inventories	29,251	23,858	25,256
Marketable securities - available for sale	10,486	3,229	9,956
Prepaid expenses and other current assets	3,050	2,844	2,830
Prepaid taxes	2,839	4,270	
Deferred taxes	2,437	1,692	1,633
Total current assets	112,506	121,995	103,633
Property and equipment, net	19,444	18,391	18,356
Deferred taxes	5,618	5,618	3,699
Deposits and other	431	370	295
Marketable securities - available for sale	40,508	29,430	34,257
Cost in excess of fair value of net assets acquired	2,066	2,066	2,066
	$ 180,573	$ 177,870	$ 162,306
LIABILITIES			
Current liabilities:			
Current portion of capital lease obligations		$ 1	$ 6
Accounts payable	$ 7,538	11,087	6,119
Accrued expenses	4,642	5,767	9,486
Total current liabilities	12,180	16,855	15,611
Deferred rent	1,996	1,828	1,664
	14,176	18,683	17,275
Commitments, contingencies and other			
STOCKHOLDERS' EQUITY			
Preferred stock - $.0001 par value, 5,000 shares authorized; none issued; Series A Junior Participating preferred stock - $.0001 par value, 60 shares authorized; none issued			
Common stock - $.0001 par value, 60,000 shares authorized, 14,582, 14,459 and 14,286 shares issued, 13,252, 13,214 and 13,041 outstanding	1	1	1
Additional paid-in capital	79,896	79,136	75,081
Retained earnings	99,392	91,176	81,551
Unearned compensation	(2,271)	(3,008)	(3,908)
Other comprehensive gain:			
Unrealized gain (loss) on marketable securities	(1,029)	(127)	297
Treasury stock - 1,330, 1,245 and 1,245 shares at cost	(9,592)	(7,991)	(7,991)
	166,397	159,187	145,031
	$ 180,573	$ 177,870	$ 162,306

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 June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Net sales:				
Wholesale	$ 59,804	$ 63,335	$ 114,871	$ 120,927
Retail	26,430	22,409	50,131	43,515
	86,234	85,744	165,002	164,442
Cost of sales:				
Wholesale	41,175	42,935	76,843	80,771
Retail	12,347	10,501	24,175	20,398
	53,522	53,436	101,018	101,169
Gross profit:				
Wholesale	18,629	20,400	38,028	40,156
Retail	14,083	11,908	25,956	23,117
	32,712	32,308	63,984	63,273
Commission and licensing fee income	1,811	2,145	3,227	3,835
Operating expenses	(27,947)	(24,838)	(54,055)	(49,230)
Income from operations	6,576	9,615	13,156	17,878
Interest and other income, net	475	350	1,009	792
Income before provision for income taxes	7,051	9,965	14,165	18,670
Provision for income taxes	2,961	4,185	5,949	7,841
Net income	$ 4,090	$ 5,780	$ 8,216	$ 10,829
Basic income per share	$ 0.31	$ 0.45	$ 0.62	$ 0.84
Diluted income per share	$ 0.28	$ 0.41	$ 0.57	$ 0.77
Basic weighted average common shares outstanding	13,299	12,927	13,276	12,858
Effect of dilutive securities - options/warrants/restricted stock	1,092	1,113	1,106	1,127
Diluted weighted average common shares outstanding	14,391	14,040	14,382	13,985

See accompanying notes to consolidated financial statements - unaudited

STEVEN MADDEN, LTD. AND SUBSIDIARIES

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

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Cash flows from operating activities:		
Net income	$ 8,216	$ 10,829
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,451	2,537
Noncash compensation	1,275	1,427
Provision for bad debts	284	140
Deferred rent expense	168	132
Realized loss (gain) on marketable securities	(14)	(35)
Changes in:		
Accounts receivable	(2,099)	(301)
Due from factor	(13,312)	(13,213)
Inventories	(5,393)	(5,811)
Prepaid expenses, prepaid taxes, deposits and other assets	1,164	(1,176)
Accounts payable and other accrued expenses	(4,674)	(3,274)
Net cash used in operating activities	(11,934)	(8,745)
Cash flows from investing activities:		
Purchase of property and equipment	(3,504)	(3,820)
Purchase of marketable securities	(24,006)	(34,162)
Sale/redemption of marketable securities	4,038	12,655
Net cash used in investing activities	(23,472)	(25,327)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	222	2,539
Purchase of treasury stock	(1,601)	
Repayment of lease obligations	(1)	(8)
Net cash (used in) provided by financing activities	(1,380)	2,531
Net decrease in cash and cash equivalents	(36,786)	(31,541)
Cash and cash equivalents - beginning of period	53,073	56,713
Cash and cash equivalents - end of period	$ 16,287	$ 25,172

See accompanying notes to consolidated financial statements - unaudited

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 six and three-month periods ended June 30, 2004 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, 2003 included in the Annual Report of Steven Madden, Ltd. on Form 10-K filed with the SEC on March 12, 2004.

NOTE B - MARKETABLE SECURITIES

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

NOTE C - INVENTORIES

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

NOTE D - REVENUE RECOGNITION

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

NOTE E - NET INCOME PER SHARE OF COMMON STOCK

Basic income per share is based on the weighted average number of common shares outstanding during the 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 un-issued shares promised to employees which have a dilutive effect. For the three months and six months ended June 30, 2004, approximately 100,000 stock options have been excluded from the calculation because inclusion of such shares would be anti-dilutive, as compared to approximately 695,000 and 801,000 shares, respectively, for the three and six months ended June 30, 2003.

NOTE F - STOCK-BASED COMPENSATION

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", encourages the use of the fair value based method of accounting for stock-based employee compensation. Alternatively, SFAS No. 123 allows entities to continue to apply the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees", and related interpretations and 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 of SFAS No. 123. The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all awards.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Reported net income	$ 4,090	$ 5,780	$ 8,216	$ 10,829
Stock-based employee compensation included in reported net income, net of tax	99	82	197	165
Stock-based employee compensation determined under the fair value based method, net of tax	(705)	(690)	(1,518)	(1,254)
Pro forma net income	$ 3,484	$ 5,172	$ 6,895	$ 9,740
Basic income per share:				
As reported	$ 0.31	$ 0.45	$ 0.62	$ 0.84
Pro forma	$ 0.26	$ 0.40	$ 0.52	$ 0.76
Diluted income per share:				
As reported	$ 0.28	$ 0.41	$ 0.57	$ 0.77
Pro forma	$ 0.24	$ 0.37	$ 0.48	$ 0.70

In May 2004, the Company issued to the retiring Chairman of the Board of Directors 100,000 options to acquire common stock of the Company for $13.50 a share in accordance with the terms of his agreement with the Company. Subsequently, the Company entered into a consulting agreement with this individual, which among other things extended the exercise life of May 21, 2004 options through June 30, 2005. The Company recognized approximately $46 of compensation expense in the second quarter of 2004 and will amortize an additional $570 of $616 of compensation expense under the fair value based method over the one- year vesting period of these options.

NOTE G - COMPREHENSIVE INCOME

Comprehensive income for the three and six month periods ended June 30, 2004, after considering other comprehensive income including unrealized (loss) on marketable securities of $(886) and $(902) was $3,204 and $7,314 respectively. For the comparable periods ended June 30, 2003, after considering other comprehensive gains on marketable securities of $170 and $161, comprehensive income is $5,950 and $10,990 respectively.

NOTE H - 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 has 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.

NOTE H - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

[1] Indictment: (continued)

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 will run concurrently. Under the settlement agreement with the Securities and Exchange Commission, Mr. Madden has 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.

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 $6,950,000.

[2] Class action litigation:

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

A settlement of these actions was reached and, on May 25, 2004, the Court entered a Final Order and Judgment pursuant to which the Court dismissed these actions in accordance with the settlement agreement. The settlement amounts did not have a material effect on the Company's financial position.

[3] Shareholder derivative actions:

On or about September 26, 2000, a shareholder derivative action was commenced in the United States District Court for the Eastern District of New York, captioned, Herrera v. Steven Madden and Steven Madden, Ltd. The Company is named as a nominal defendant in the action. A settlement of these actions was reached and, on June 1, 2004, the Court entered an Amended Order and Final Judgment of Derivative Action pursuant to which the Court dismissed these actions in accordance with the settlement agreement. The settlement amounts did not have a material effect on the Company's financial position.

On or about November 28, 2001, a shareholder derivative complaint was filed in the United States District Court for the Eastern District of New York, captioned Herrera v. Karson, et al. Named as defendants therein are the Company and certain of the Company's present and/or former directors. A settlement of these actions was reached and, on June 1, 2004, the Court entered an Amended Order and Final Judgment of Derivative Action pursuant to which the Court dismissed these actions in accordance with the settlement agreement. The settlement amounts did not have a material effect on the Company's financial position.

NOTE H - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

[4] Other actions:

(a) On or about June 6, 2003, an action was commenced in the United States District Court for the Central District of California, captioned Global Brand Marketing, Inc. v. Steve Madden Ltd. On April 13, 2004 the parties agreed to a settlement of this action. The settlement amount did not have a material effect on the Company's financial position or result of operations. A stipulation of dismissal of this action has been executed by the parties and filed with the District Court. On April 15, 2004, the Court dismissed this action.

(b) 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 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 sought compensatory and punitive damages. The Company believes that it has substantial defenses to the counterclaim asserted by LaRue.

(c) On or about July 9, 2004, an action was filed in the United States District Court for the Southern District of New York against Steve Madden, Ltd. by Robert Marc for trademark infringement. In the action Robert Marc claims 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 Steve Madden, Ltd.'s licensee for eyewear, Colors in Optics, which is also a defendant in the suit. The case has been referred by the Judge to a Magistrate for a settlement conference. In any event it is not expected to have a material effect on the Company's financial position.

(d) The Company has been named as a defendant in various other lawsuits in the normal course of business. In the opinion of management, after consulting with legal counsels, the liabilities, if any, resulting from these matters should not have a material effect on the Company's financial position or results of operations.

[5] SEC request for information:

On April 26, 2004, the SEC sent the Company a letter requesting information and documents relating to, among other things, Steven Madden's employment with the Company. The Company intends to fully comply with the SEC's request.

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 document.

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

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

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

	2004		2003	
Consolidated:				
Net Sales	$165,002	100%	$164,442	100%
Cost of Sales	101,018	61	101,169	62
Gross Profit	63,984	39	63,273	38
Other Operating Income	3,227	2	3,835	2
Operating Expenses	54,055	33	49,230	30
Income from Operations	13,156	8	17,878	10
Interest and Other Income Net	1,009	1	792	1
Income Before Income Taxes	14,165	9	18,670	11
Net Income	8,216	5	10,829	7

Selected Financial Information

Six Months Ended

June 30

($ in thousands)

	2004		2003	
By Segment				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd.				
Madden Womens:				
Net Sales	$ 56,498	100%	$ 59,206	100%
Cost of Sales	38,083	67	40,976	69
Gross Profit	18,415	33	18,230	31
Other Operating Income	1,240	2	1,252	2
Operating Expenses	14,312	25	14,329	24
Income from Operations	5,343	10	5,153	9
l.e.i. Footwear:				
Net Sales	$ 21,728	100%	$ 31,821	100%
Cost of sales	14,583	67	19,948	63
Gross Profit	7,145	33	11,873	37
Operating Expenses	5,989	28	6,883	21
Income from Operations	1,156	5	4,990	16
Madden Mens:				
Net Sales	$ 13,021	100%	$ 19,816	100%
Cost of sales	9,097	70	12,890	65
Gross Profit	3,924	30	6,926	35
Operating Expenses	3,590	28	4,383	22
Income from Operations	334	2	2,543	13
Candie's Footwear:				
Net Sales	$ 6,951	100%	--	--
Cost of sales	4,717	68	--	--
Gross Profit	2,234	32	--	--
Operating Expenses	1,889	27	--	--
Income from Operations	345	5	--	--
Diva Acquisition Corp. (Steven):				
Net Sales	$ 11,091	100%	$ 4,330	100%
Cost of sales	6,461	58	3,158	73
Gross Profit	4,630	42	1,172	27
Operating Expenses	2,463	22	1,224	28
Income (Loss) from Operations	2,167	20	(52)	(1)
Stevies Inc.:				
Net Sales	$ 5,488	100%	$ 5,754	100%
Cost of sales	3,751	68	3,799	66
Gross Profit	1,737	32	1,955	34
Other Operating Income	--	--	9	0
Operating Expenses	1,386	25	1,140	20
Income from Operations	351	7	824	14

Selected Financial Information

Six Months Ended

June 30

($ in thousands)

	2004		2003	
By Segment (Continued)				
WHOLESALE DIVISIONS (Continued)				
Unionbay Men's Footwear:				
Net Sales	$ 94	100%	--	--
Cost of Sales	151	161	--	--
Gross Loss	(57)	(61)	--	--
Operating Expenses	338	359	--	--
Loss from Operations	(395)	(420)	--	--
RETAIL DIVISION:				
Steven Madden Retail Inc.:				
Net Sales	$ 50,131	100%	$ 43,515	100%
Cost of Sales	24,175	48	20,398	47
Gross Profit	25,956	52	23,117	53
Operating Expenses	22,911	46	20,081	46
Income from Operations	3,045	6	3,036	7
Number of Stores	83		82	
ADESSO MADDEN INC.: (FIRST COST)				
Other Operating Revenue	$ 1,987	100%	$ 2,574	100%
Operating Expenses	1,177	59	1,190	46
Income from Operations	810	41	1,384	54

Selected Financial Information

Three Months Ended

June 30

($ in thousands)

	2004		2003	
Consolidated:				
Net Sales	$ 86,234	100%	$ 85,744	100%
Cost of Sales	53,522	62	53,436	62
Gross Profit	32,712	38	32,308	38
Other Operating Income	1,811	2	2,145	2
Operating Expenses	27,947	32	24,838	29
Income from Operations	6,576	8	9,615	11
Interest and Other Income Net	475	0	350	1
Income Before Income Taxes	7,051	8	9,965	12
Net Income	4,090	5	5,780	7
By Segment				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd.				
Madden Womens:				
Net Sales	$ 30,964	100%	$ 30,311	100%
Cost of Sales	21,380	69	21,896	72
Gross Profit	9,584	31	8,415	28
Other Operating Income	720	2	689	2
Operating Expenses	7,488	24	7,486	25
Income from Operations	2,816	9	1,618	5
l.e.i. Footwear:				
Net Sales	$ 10,603	100%	$ 16,956	100%
Cost of sales	7,263	68	10,428	62
Gross Profit	3,340	32	6,528	38
Operating Expenses	3,079	29	3,340	19
Income from Operations	261	3	3,188	19
Madden Mens:				
Net Sales	$ 6,452	100%	$ 11,475	100%
Cost of sales	4,689	73	7,317	64
Gross Profit	1,763	27	4,158	36
Operating Expenses	1,756	27	2,299	20
Income from Operations	7	0	1,859	16
Candie's Footwear:				
Net Sales	$ 3,735	100%	--	--
Cost of sales	2,609	70	--	--
Gross Profit	1,126	30	--	--
Operating Expenses	930	25	--	--
Income from Operations	196	5	--	--
Diva Acquisition Corp. (Steven):				
Net Sales	$ 5,842	100%	$ 1,874	100%
Cost of sales	3,541	61	1,444	77
Gross Profit	2,301	39	430	23
Operating Expenses	1,414	24	563	30
Income (Loss) from Operations	887	15	(133)	(7)

Selected Financial Information

Three Months Ended

June 30

($ in thousands)

	2004		2003	
By Segment (Continued)				
WHOLESALE DIVISIONS (Continued)				
Stevies Inc.:				
Net Sales	$ 2,163	100%	$ 2,719	100%
Cost of sales	1,598	74	1,850	68
Gross Profit	565	26	869	32
Operating Expenses	703	32	512	19
Income (Loss) from Operations	(138)	(6)	357	13
Unionbay Men's Footwear:				
Net Sales	$ 45	100%	--	--
Cost of Sales	95	211	--	--
Gross Loss	(50)	(111)	--	--
Operating Expenses	175	389	--	--
Loss from Operations	(225)	(500)	--	--
RETAIL DIVISION:				
Steven Madden Retail Inc.:				
Net Sales	$ 26,430	100%	$ 22,409	100%
Cost of Sales	12,347	47	10,501	47
Gross Profit	14,083	53	11,908	53
Operating Expenses	11,807	45	10,036	45
Income from Operations	2,276	8	1,872	8
Number of Stores	83		82	
ADESSO MADDEN INC.: (FIRST COST)				
Other Operating Revenue	$ 1,091	100%	$ 1,456	100%
Operating Expenses	595	55	602	41
Income from Operations	496	45	854	59

RESULTS OF OPERATIONS
($ in thousands)

Six Months Ended June 30, 2004 vs. Six Months Ended June 30, 2003

Consolidated:

Total net sales for the six-month period ended June 30, 2004 remained virtually unchanged ($165,002 in 2004 as compared to $164,442 in 2003). Sales increases from the Retail Division, the Steven Wholesale Division and contribution from the new Candie's Wholesale Division were offset by declines in the Madden Womens, l.e.i., Madden Mens and Stevies Wholesale Divisions.

Gross profit as a percentage of sales increased to 39% in 2004 from 38% in 2003, primarily due to the sales mix change between the Wholesale and Retail Divisions. The Retail Division, which has a higher gross margin percentage, represented 30% of total net sales in 2004 compared to 26% in 2003.

Operating expenses increased to $54,055 in 2004 from $49,230 in 2003. The increase resulted from the Company's increased advertising expenditures in support of the brand, higher occupancy expenses, a reclassification of warehouse expense and the costs associated with the addition of Candie's and Unionbay Wholesale Divisions.

Income from operations was $13,156 in 2004 compared to $17,878 in 2003. Net income was $8,216 in 2004 compared to $10,829 in 2003, primarily because of additional expenses resulting from the initiatives taken by the Company as described in the previous paragraph.

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

Sales from the Madden Womens Wholesale Division ("Madden Womens") accounted for $56,498 or 34%, and $59,206 or 36%, of total sales in 2004 and 2003, respectively. This decrease in sales occurred during the first quarter of 2004 and was the result of more conservative initial spring buying patterns among the Company's wholesale customers. Gross profit as a percentage of sales increased to 33% in 2004 from 31% in 2003, primarily due to cost effective sourcing and improved inventory management. Operating expenses remained virtually unchanged at $14,312 in 2004 compared to $14,329 in 2003. Income from operations for Madden Womens was $5,343 in 2004 compared to $5,153 in 2003.

Sales from the l.e.i. Footwear Wholesale Division ("l.e.i.") accounted for $21,728 or 13%, and $31,821 or 19%, of total sales in 2004 and 2003, respectively. The decrease in sales resulted from a reduction in the casual business. Gross profit as a percentage of sales decreased to 33% in 2004 from 37% in 2003 primarily due to an increase in markdown allowances caused by higher levels of promotional activities at retail. Operating expenses decreased to $5,989 in 2004 from $6,883 in 2003 due to decreases in selling and related expenses. Income from operations for l.e.i. was $1,156 in 2004 compared to $4,990 in 2003.

Sales from the Madden Mens Wholesale Division ("Madden Mens") accounted for $13,021 or 8%, and $19,816 or 12%, of total sales in 2004 and 2003, respectively. The sales decrease was the result of a downturn in the Men's casual fashion footwear segment and close-out of slow moving inventory. Gross profit as a percentage of sales decreased to 30% in 2004 from 35% in 2003 primarily due to an increase in markdown allowances caused by higher levels of promotional activities at retail. Operating expenses decreased to $3,590 in 2004 from $4,383 in 2003, due to decreases in selling and related expenses. Income from operations for Madden Mens was $334 in 2004 compared to $2,543 in 2003.

Candie's Footwear, (which began shipping in the fourth quarter of 2003) generated net sales of $6,951 or 4% of total sales in the first six months of 2004. Its customers are comprised of major department and specialty stores, including Belk, Macy's West, Rich's, Bon Marche, Robinson's, Filene's, Carson's and Nordstrom. The initial Candie's line was well received by both retailers and consumers and the Company anticipates that the brand will continue to gain market share during 2004.

Diva Acquisition Corp. ("Steven"):

Sales from Steven accounted for $11,091 or 7%, and $4,330 or 3%, of total sales in 2004 and 2003, respectively. The 156% increase in sales was principally due to the success of key styles including woods, jeweled sandals and dress mocs. Also, Steven added new retail doors, including Dillards, Macy's West and Parisians and initiated a replenishment program during the first quarter of 2004, enabling customers to generate weekly reorders with improved turn and profitability. Gross profit as a percentage of sales increased to 42% in 2004 from 27% in 2003, primarily the result of cost effective sourcing, and a reduction in close-out inventory. Operating expenses increased to $2,463 in 2004 from $1,224 in 2003 due to increases in selling, designing, marketing and advertising expenses. Income from operations for Steven was $2,167 in 2004 compared to loss from operation of $52 in 2003.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $5,488 or 3%, and $5,754 or 3%, of total sales in 2004 and 2003, respectively. The Company reacted to the decrease in sales by putting in place new management, sales and design teams during the middle of the second quarter of 2004. Gross profit as a percentage of sales decreased to 32% in 2004 from 34% in 2003, primarily due to an increase in promotional activity. Operating expenses increased to $1,386 in 2004 from $1,140 in 2003 due to increases in payroll and payroll related expenses. Income from operations for Stevies was $351 in 2004 compared to $824 in 2003.

Unionbay Men's Footwear ("Unionbay"):

Unionbay, which launched in the fall of 2003, generated net sales of $94 in the first six months of 2004. The consumer acceptance of the fall 2003 line was less than expected. As a result, the Company changed product direction and changed the division's executive management team in the fourth quarter of 2003 which led the Company to bypass shipments of spring 2004 Unionbay products. While prospects for the fall of 2004 are somewhat improved, management is cautious in its outlook on Unionbay's contribution during the remainder of 2004.

Retail Division:
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Sales from the Retail Division accounted for $50,131 or 30% and $43,515 or 26% of total sales in 2004 and 2003, respectively. As of June 30, 2004, there were 83 retail stores compared to 82 retail stores as of June 30, 2003. Comparable store sales for the six-month period ended June 30, 2004 increased 12% over the same period of 2003. The increase was achieved through management's immediate reaction to at-once demand for boots early in the first quarter of 2004. Additionally the increase was the result of a combination of higher unit sales and higher average selling prices, particularly in the Company's core women's footwear category. Gross profit as a percentage of sales decreased to 52% in 2004 from 53% in 2003, primarily due to an increase in promotional activity in the first quarter of 2004. Operating expenses for the Retail Division were $22,911 in 2004 and $20,881 in 2003. This increase was primarily due to increased incentive compensation associated with increased sales, higher occupancy expenses and higher advertising expenditures. Income from operations for the Retail Division was relatively unchanged ($3,045 in 2004 compared to $3,036 in 2003) inspite of increases in sales, due to the Company's investment in the brand through higher advertising costs and store images.

Adesso-Madden Division:
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Adesso-Madden, Inc. generated commission revenues of $1,987 in 2004, compared to commission revenues of $2,574 in 2003. This decrease was primarily the result of the popularity of inexpensive "flip flops" which were not part of Adesso-Madden's core product offerings. Income from operations for Adesso-Madden was $810 in 2004 compared to $1,384 in 2003.

Three Months Ended June 30, 2004 vs. Three Months Ended June 30, 2003

Consolidated:
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Total net sales for the three-month period ended June 30, 2004 increased by 1% to $86,234 in 2004 from $85,744 for the comparable period of 2003. Sales increases from the Retail Division, the Steven Wholesale Division, Madden Women's Wholesale Division and contribution from the new Candie's Wholesale Division were offset by declines in the l.e.i., Madden Mens and Stevies Wholesale Divisions. Gross profit as a percentage of sales remained at 38% in 2004, the same as in 2003.

Operating expenses increased to $27,947 in 2004 from $24,838 in 2003. The increase resulted from the Company's increased advertising expenditures in support of the brand, higher occupancy expenses, a reclassification of warehouse expense and the costs associated with the addition of Candie's and Unionbay Wholesale Divisions.

Income from operations was $6,576 in 2004 compared to $9,615 in 2003. Net income was $4,090 in 2004 compared to $5,780 in 2003 primarily the result of the initiatives taken by the Company as described in the previous paragraph.

Wholesale Divisions:

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

Sales from Madden Womens accounted for $30,964 or 36%, and $30,311 or 35%, of total sales in 2004 and 2003, respectively. This increase in sales was the result of improved sell-through and reorders that materialized during the second quarter on a variety of styles. Gross profit as a percentage of sales increased to 31% in 2004 from 28% in 2003, primarily due to cost effective sourcing and improved inventory management. Operating expenses remained virtually unchanged at $7,488 in 2004 compared to $7,486 in 2003. Income from operations for Madden Womens was $2,816 in 2004 compared to $1,618 in 2003.

Sales from l.e.i. accounted for $10,603 or 12%, and $16,956 or 20%, of total sales in 2004 and 2003, respectively. The decrease in sales resulted from a migration of mid- tier customers away from casual "closed up" styles and the consumers' resistance to the evolution of l.e.i. into better trending categories. Gross profit as a percentage of sales decreased to 32% in 2004 from 38% in 2003 primarily due to an increase in markdown allowances caused by higher levels of promotional activities at retail. Operating expenses decreased to $3,079 in 2004 from $3,340 in 2003 due to decreases in selling and related expenses. Income from operations for l.e.i. was $261 in 2004 compared to $3,188 in 2003.

Sales from Madden Mens accounted for $6,452 or 7%, and $11,475 or 13%, of total sales in 2004 and 2003, respectively. The sales decrease was the result of the disappointing performance of the fall line and the downturn in the fashion casual space that led to reduction in orders from some large customers. Gross profit as a percentage of sales decreased to 27% in 2004 from 36% in 2003 primarily due to an increase in markdown allowances caused by higher levels of promotional activities at retail. Operating expenses decreased to $1,756 in 2004 from $2,299 in 2003, due to decreases in selling and related expenses. Income from operations for Madden Mens was $7 in 2004 compared to $1,859 in 2003.

Candie's Footwear, (which began shipping in the fourth quarter of 2003) generated net sales of $3,735 in the second quarter of 2004. Its customers are comprised of major department and specialty stores, including Belk, Macy's West, Rich's, Bon Marche, Robinson's, Filene's, Carson's and Nordstrom. The initial Candie's line was well received by both retailers and consumers and the Company anticipates that the brand will continue to gain market share during 2004.

Diva Acquisition Corp. ("Steven"):

Sales from Steven accounted for $5,842 or 7%, and $1,874 or 2%, of total sales in 2004 and 2003, respectively. The 212% increase in sales was principally due to the success of key styles including woods, jeweled sandals and dress mocs. Gross profit as a percentage of sales increased to 39% in 2004 from 23% in 2003, primarily the result of cost effective sourcing, and lower levels of close out inventory. Operating expenses increased to $1,414 in 2004 from $563 in 2003 due to increases in selling, designing, marketing and advertising expenses. Income from operations for Steven was $887 in 2004 compared to loss from operation of $133 in 2003.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $ 2,163 or 3%, and $2,719 or 3%, of total sales in 2004 and 2003, respectively. The Company reacted to the decrease in sales by putting in place new management, sales and design teams during the middle of the second quarter of 2004. Gross profit as a percentage of sales decreased to 26% in 2004 from 32% in 2003, primarily due to an increase in promotional activity. Operating expenses increased to $703 in 2004 from $512 in 2003 due to increases in payroll and payroll related expenses. Loss from operations for Stevies was $138 in 2004 compared to income from operations of $357 in 2003.

Unionbay Men's Footwear ("Unionbay"):

Unionbay, which launched in the fall of 2003, generated net sales of $45 in the second quarter of 2004. The consumer acceptance of the fall 2003 line was less than expected. As a result, the Company changed product direction and changed the division's executive management team in the fourth quarter of 2003 which led the Company to bypass shipments of spring 2004 Unionbay products. While prospects for the fall of 2004 are somewhat improved, management is cautious in its outlook on Unionbay's contribution during the remainder of 2004.

Retail Division:
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Sales from the Retail Division accounted for $26,430 or 31% and $22,409 or 26% of total sales in 2004 and 2003, respectively. As of June 30, 2004, there were 83 retail stores compared to 82 retail stores as of June 30, 2003. Comparable store sales for the three-month period ended June 30, 2004 increased 15% over the same period of 2003. The increase was achieved through a combination of higher unit sales and higher average selling prices, particularly in the Company's core women's footwear category. Gross profit as a percentage of sales remained at 53% in 2004, the same as in 2003. Operating expenses for the Retail Division were $11,807 in 2004 and $10,036 in 2003. This increase was primarily due to increased incentive compensation associated with increased sales, higher occupancy expenses and higher advertising expenditures. Income from operations for the Retail Division was $2,276 in 2004 compared to $1,872 in 2003.

Adesso-Madden Division:
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Adesso-Madden, Inc. generated commission revenues of $1,091 in 2004, compared to commission revenues of $1,456 in 2003. This decrease was primarily the result of the popularity of inexpensive "flip flops" which were not part of Adesso-Madden's core product offerings. Income from operations for Adesso-Madden was $496 in 2004 compared to $854 in 2003.

LICENSE AGREEMENTS

Revenue generated from licensing was $1,240 in the first six months of 2004 compared to $1,261 in 2003. As of June 30, 2004, the Company had five license partners covering five product categories of its Steve Madden brand. The product categories include, hosiery, sunglasses, eyewear, belts and outerwear.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $100,326 at June 30, 2004 compared to $105,140 at December 31, 2003. The decrease was the result of management's decision to move a portion of excess cash into long-term marketable securities.

Under the terms of a factoring agreement with Capital Factors, Inc., the Company is eligible to draw down 80% of its invoiced receivables at an interest rate of two points below the Prime Rate (as defined in such agreement). The agreement with Capital Factors expires December 31, 2004. Capital Factors 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 June 30, 2004 the Company did not use any portion of the credit line.

As of June 30, 2004 the Company had invested $50,994 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 six-month period ended June 30, 2004, net cash used by operating activities was $11,934. Uses of cash was caused primarily by the following; an increase in non-factored accounts receivable of $2,099; an increase in factored accounts receivable of $13,312 caused by a sales increase to mid-tier customers who typically have longer terms; an increase in inventories of $5,393 due to the addition of new divisions and the early receipt of fall inventory; and a decrease in accounts payable and other accrued expenses of $4,674. Sources of cash were provided principally by net income of $8,216 and decrease in prepaid expenses, prepaid taxes, deposits and other assets of $1,164.

Future minimum annual lease payments (for leases of office, showroom and retail facilities) under non-cancelable operating leases consist of the following at June 30:

2004	$ 9,815
2005	10,338
2006	10,417
2007	10,001
2008	8,512
Thereafter	25,690
	$ 74,773

At June 30, 2004, the Company had un-negotiated open letters of credit for the purchase of imported merchandise of approximately $21,679.

The Company has an employment agreement with Steve Madden, its Creative and Design Chief, which provides for an annual base salary of $700,000 through June 30, 2011. Mr. Madden is entitled to receive base salary payments during periods that he is not actively engaged in the duties of Creative and Design Chief. The agreement also provides for an annual performance bonus, an annual option grant at exercise prices equal to the market price on the date of grant and a non-accountable expense allowance, however, the Company is not required to pay the bonus for any fiscal year that Mr. Madden is not actively engaged in the duties of Creative and Design Chief for at least six months, the Company is not required to grant an annual option if Mr. Madden is not actively engaged in the duties of Creative and Design Chief for at least six months out of the twelve months immediately preceding the grant date for such annual option and the Company is not required to pay the expense allowance for any month during which Mr. Madden is not actively engaged in the duties of Creative and Design Chief.

The Company has employment agreements with certain executives, which provide for the payment of compensation aggregating approximately $1,818 in 2004, $1,060 in 2005 and $234 in 2006. In addition, such employment agreements provide for incentive compensation based on various performance criteria as well as other benefits.

Significant portions of the Company's products are produced at overseas locations, the majority of which are located in Brazil, China, Italy and Spain. The Company has not entered into any long-term manufacturing or supply contracts with any of these foreign companies. The Company believes that a sufficient number of alternative sources exist outside of the United States for the manufacture of its products. In addition, the Company currently makes approximately ninety-eight percent (98%) of its purchases in U.S. dollars.

INVESTING ACTIVITIES

During the six-month period ended June 30, 2004, the Company invested $24,006 in marketable securities and received $4,038 from maturities and sales of securities. In addition, the Company incurred capital expenditures of $3,504 principally for leasehold improvements to its corporate office space and computer systems upgrades.

FINANCING ACTIVITIES

During the six-month period ended June 30, 2004, the Company repurchased 85,200 shares of the Company's common stock at a total cost of $1,601.

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 effect on sales, expenses or profitability.

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 six-month period ended June 30, 2004, approximately 90% of the Company's products were purchased from sources outside the United States, primarily from China, Brazil, Italy and Spain.

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

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

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

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

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

Intense Industry Competition: The fashion footwear industry is highly competitive and barriers to entry are low. The Company's competitors include specialty companies as well as companies with diversified product lines. The recent market growth in the sales of fashionable footwear has encouraged the entry of many new competitors and increased competition from established companies. Most of these competitors, including Diesel, Kenneth Cole, Nine West, DKNY, Skechers, Nike and Guess, may have significantly greater financial and other resources than the Company and there can be no assurance that the Company will be able to compete successfully with other fashion footwear companies. Increased competition could result in pricing pressures, increased marketing expenditures and loss of market share, and could have a material adverse effect on the Company's business, financial condition and results of operations. The Company believes effective advertising and marketing, 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 the first six months of 2004 the Company opened two (2) Steve Madden retail stores and has plans to open approximately eight to ten (8-10) additional stores during the remainder of 2004. 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 increased and will continue to increase demand on the Company's managerial, operational and administrative resources. The Company has recently invested significant resources in, among other things, its management information systems and hiring and training new personnel. However, in order to manage currently anticipated levels of future demand, the Company may be required to, among other things, expand its distribution facilities, establish relationships with new manufacturers to produce its products, and continue to expand and improve its financial, management and operating systems. There can be no assurance that the Company will be able to manage future growth effectively and a failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

Seasonal and Quarterly Fluctuations: The Company's results may fluctuate quarter to quarter as a result of the timing of holidays, weather, the timing of larger shipments of footwear, market acceptance of the Company's products, the mix, pricing and presentation of the products offered and sold, the hiring and training of additional personnel, inventory write downs, the cost of materials, the 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 generally purchases its products in U.S. dollars. However, the Company sources substantially all of its products overseas and, as such, the cost of these products may be affected by changes in the value of the relevant currencies. Changes in currency exchange rates may also affect the relative prices at which the Company and foreign competitors sell their products in the same market. There can be no assurance that foreign currency fluctuations will not have a material adverse effect on the Company's business, financial condition and results of operations.

Outstanding Options: As of August 3, 2004 there were outstanding options to purchase an aggregate of approximately 2,549,475 shares of Common Stock. Holders of such options are likely to exercise them when, in all likelihood, the market price of the Company's stock is significantly higher than the exercise price of the options. Further, while its options are outstanding, they may adversely affect the terms on which the Company could obtain additional capital, 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 our products. In addition, current unstable political conditions, including the potential or actual conflicts in Iraq, North Korea or elsewhere, or the continuation or escalation of terrorism, could have an adverse effect on the Company's business, financial condition and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not engage in the trading of market risk sensitive instruments in the normal course of business. Financing arrangements for the Company are subject to variable interest rates primarily based on the prime rate. An analysis of the Company's credit agreement with Capital Factors, Inc. can be found in Note C. "Due From Factor" to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003. On December 31, 2003 and December 31, 2002, there were no direct borrowings outstanding under the credit agreement.

As of June 30, 2004, the Company had investments in marketable securities valued at $50,994, which consists principally of federal and state obligations. These obligations have various maturities through December 2008. These 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 quarterly 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, 2003; Part I, Item 3, of the Company's Annual Report on Form 10-K for the year ended December 31, 2003; and Part II, Item 1, of the Company's Quarterly Report on Form 10-Q for the quarter ended March 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.

Class Action

Between June and August 2000, eight putative securities fraud class action lawsuits were commenced in the United States District Court for the Eastern District of New York against the Company, Steven Madden and, in five of the actions, Rhonda J. Brown (the former President and a former director of the Company) and Arvind Dharia. These actions were captioned: Wilner v. Steven Madden, Ltd., et al., 00 CV 3676 (filed June 21, 2000); Connor v. Steven Madden, et al., 00 CV 3709 (filed June 22, 2000); Blumenthal v. Steven Madden, Ltd., et al., 00 CV 3709 (filed June 23, 2000); Curry v. Steven Madden, Ltd., et al., 00 CV 3766 (filed June 26, 2000); Dempster v. Steven Madden Ltd., et al., 00 CV 3702 (filed June 30, 2000); Salafia v. Steven Madden, Ltd., et al., 00 CV 4289 (filed July 24, 2000); Fahey v. Steven Madden, Ltd., et al., 00 CV 4712 (filed August 11, 2000); Process Engineering Services, Inc. v. Steven Madden, Ltd., et al., 00 CV 5002 (filed August 22, 2000). By Order dated December 8, 2000, the Court consolidated these eight actions, appointed Process Engineering, Inc., Michael Fasci and Mark and Libby Adams as lead plaintiffs and approved their selection of lead counsel. A settlement of these actions was reached and, on May 25, 2004, the Court entered a Final Order and Judgment pursuant to which the Court dismissed these actions in accordance with the settlement agreement.

Shareholder Derivative Actions

On or about September 26, 2000, a putative shareholders derivative action was commenced in the United States District Court for the Eastern District of New York, captioned Herrera v. Steven Madden and Steven Madden, Ltd., 00 CV 5803 (JG). The Company is named as a nominal defendant in the action. A settlement of these actions was reached and, on June 1, 2004, the Court entered an Amended Order and Final Judgment of Derivative Action pursuant to which the Court dismissed these actions in accordance with the settlement agreement.

On or about November 28, 2001, a purported shareholder derivative complaint was filed in the United States District Court for the Eastern District of New York, captioned Herrera v. Karson, et al., 00 CV 7868. Named as defendants therein are the Company (as nominal defendant) and certain of the Company's present and/or former directors. A settlement of these actions was reached and, on June 1, 2004, the Court entered an Amended Order and Final Judgment of Derivative Action pursuant to which the Court dismissed these actions in accordance with the settlement agreement.

Other Actions

On or about June 6, 2003, an action was commenced in the United States District Court for the Central District of California, captioned Global Brand Marketing, Inc. v. Steve Madden Ltd., Case Number 03-4029. On April 13, 2004 the parties agreed to a settlement of this action. The settlement amount did not have a material effect on the Company's financial position or result of operations. A stipulation of dismissal of this action has been executed by the parties and filed with the District Court. On April 15, 2004, the Court dismissed this action.

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 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 seeking compensatory and punitive damages. The Company filed a reply denying any liability with respect to the counterclaim. The Company believes that it has substantial defenses to the counterclaim asserted by LaRue.

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. Steve Madden, Ltd. Case No. 04 CV 5354 (JGK). In the action Robert Marc claims 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 suit The case has been referred by the Judge to a Magistrate for a settlement conference. In any event this case is not expected to have a material effect on the Company's financial position.

SEC Request for Information

On April 26, 2004, the Securities and Exchange Commission (the "SEC") sent the Company a letter requesting information and documents relating to, among other things, Steven Madden's employment with the Company. The Company intends to fully comply with the SEC's request.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information as of June 30, 2004 with respect to the shares of common stock repurchased by the Company during the second quarter of fiscal 2004:

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 Puchased Under the Plans or Programs
4/1/04 - 4/30/04	0	0	0	$20,000,000
5/1/04 - 5/31/04	74,900	$18.76	74,900	$18,594,783
6/1/04 - 6/30/04	10,300	$19.00	10,300	$18,399,083
Total	85,200	$18.79	85,200	$18,399,083

(1) The Board of Directors of the Company recently amended the Company's previously announced share repurchase program. The amended share repurchase program, which is 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of the Company held on May 21, 2004 (the "Annual Meeting"), the stockholders of the Company approved an amendment to the Company's 1999 Stock Plan to increase the number of shares subject to awards granted under the 1999 Stock Plan. The stockholders of the Company also ratified the appointment of Eisner LLP as independent auditors of the Company for fiscal year 2004. In addition, at the Annual Meeting the stockholders of the Company elected seven directors to serve until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified.

The affirmative vote of the holders of a majority of the total votes cast was required to approve the amendment to the 1999 Stock Plan and to ratify the appointment of Eisner LLP and the affirmative vote of a plurality of the votes cast by holders of shares of common stock was required to elect the directors.

With respect to the approval of the amendment to the 1999 Stock Plan and the appointment of Eisner LLP, set forth below is information on the results of the votes cast at the Annual Meeting.

	For	Against	Abstained
Amendment to the 1999 Stock Plan	6,105,620	3,478,535	1,462,913
Appointment of Eisner LLP	12,620,219	276,825	950

With respect to the election of directors, set forth below is information with respect to the nominees elected as directors of the Company at the Annual Meeting and the votes cast and/or withheld with respect to each such nominee.

Nominees	For	Withheld
Jamieson A. Karson	10,362,772	2,535,222
Jeffrey Birnbaum	10,330,121	2,567,873
Marc S. Cooper	10,343,121	2,554,873
John L. Madden	10,329,505	2,568,489
Peter Migliorini	12,182,554	715,440
Thomas H. Schwartz	12,564,589	333,405
Awadhesh Sinha	12,182,554	715,440

ITEM 5. OTHER INFORMATION.

On July 22, 2004 at a regularly scheduled meeting of the Board of Directors of the Company, Jamieson Karson, the Company's Chief Executive Officer, was appointed Chairman of the Board of Directors.

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

(a) Exhibits

(10.16) Amendment No. 1 to Employment Agreement of Jamieson Karson.

(10.17) Consulting Agreement between the Company and Charles Koppelman.

(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.

(b) Reports on Form 8-K

During the quarter, the Company filed the following Current Reports on Form 8-K.

(i) A Current Report on Form 8-K dated April 27, 2004 and filed on April 29, 2004 announcing the Company's financial results for the first quarter of 2004.

(ii) A Current Report on Form 8-K dated May 20, 2004 and filed on May 21, 2004 reporting that the Company had sent a letter to FMR Corp., one of the Company's stockholders, providing that the Company's management would request that the board of directors consider amending the Company's 1999 stock plan.

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

DATE: August 6, 2004

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
10.16	Amendment No. 1 to Employment Agreement of Jamieson Karson.
10.17	Consulting Agreement between the Company and Charles Koppelman.
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 10.16

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

This Amendment No. 1 dated as of February 23, 2004 to that certain Employment Agreement (this "Amendment"), by and between STEVEN MADDEN, LTD., a Delaware corporation with offices at 52-16 Barnett Avenue, Long Island City, N.Y. 11104 (the "Corporation"), and JAMIESON KARSON, an individual residing at 940 Browers Point Branch, Woodmere, New York 11598 ("Executive").

W I T N E S S E T H

WHEREAS, the Corporation and the Executive are parties to that certain Employment Agreement dated as of May 21, 2001, a copy of which is attached hereto as Exhibit A (the "Original Agreement")

WHEREAS, the Executive and the Corporation desire to amend the Original Agreement to reflect the following.

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

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

A. Section 3 shall be deleted in its entirety and in lieu thereof the following paragraph shall be inserted:

> The term of Executive's employment, unless sooner terminated as provided herein, shall be for period of five (5) years commencing July 1, 2001 and ending on June 30, 2006 (as may be extended from time to time, the "Term"). The term shall be automatically extended for successive one year periods thereafter unless the Corporation notifies Executive in writing of its intention not to so extend the Term at least three (3) months prior to the end of the original or any extended Term.

B. The first sentence of Section 4.1 shall be deleted and in lieu thereof the following sentence shall be inserted:

> Commencing on July 1, 2004, the Corporation shall pay to Executive an annual base salary for his services hereunder of four hundred sixty seven thousand five hundred dollars ($467,500) during the term, less such deductions as shall be required to be withheld by applicable laws and regulations.

C. The Corporation hereby acknowledges and agrees that under the Original Agreement, the Corporation was and continues to be required to either (at the direction of Executive) reimburse Executive for, or directly pay the costs of, membership dues for any social or professional organizations that Executive chooses to join in an amount not exceeding $25,000 per year.

2. This Amendment shall be governed by and construed in accordance with the laws of the Sate of New York, without regard to principles of conflicts of law.

3. Except as otherwise specifically set forth herein, all of the terms and provisions of the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the day first above written.

Steven Madden, Ltd.

/s/ PETER MIGLIORINI

Name: Peter Migliorini
Title: Chairman, Compensation Committee

/s/ JAMIESON KARSON

Name: Jamieson Karson

Exhibit 10.17

CONSULTING AGREEMENT

This CONSULTING AGREEMENT by and between STEVEN MADDEN, LTD., a Delaware corporation with offices at 52-16 Barnett Avenue, Long Island City, N.Y. 11104 (the "Corporation"), and CHARLES KOPPELMAN, an individual residing at 34 Glenwood Road, Roslyn Harbor, New York 11756 ("Consultant"), is effective as of June 1, 2004 (the "Effective Date").

WITNESSETH:

WHEREAS, subject to the terms and considerations hereinafter set forth, the Corporation wishes to retain Consultant to provide consulting services to the Corporation for the term set forth herein, and Consultant wishes to provide such consulting services.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions, and conditions set forth in this Agreement, the parties hereby agree as follows:

Section 1. CONSULTING SERVICES. For the Term of this Agreement and upon the terms and subject to the conditions set froth in this Agreement, Consultant agrees to provide the Corporation with general consulting services. Consultant shall, among other things, (i) provide advice regarding the methods by which the Corporation can enhance, protect and promote the Corporation's brands, (ii) seek and find licensing, acquisition or other opportunities for the Corporation's brands, (iii) consult with the Corporation's Chief Executive Officer on a regular basis with regard to such issues as deemed necessary or appropriate by the Chief Executive Officer and (iv) provide marketing and advertising advice including, without limitation, advice regarding marketing strategies, establishing marketing and advertising budgets and using music and musicians to promote the Corporation's brands. Consultant shall also perform such other duties as may be reasonably prescribed by the Corporation's Chief Executive Officer. During the Term of this Agreement, Consultant shall report directly to the Corporation's Chief Executive Officer.

Section 2. PERFORMANCE OF DUTIES/WORK SCHEDULE. Throughout the Term of this Agreement, Consultant shall faithfully and diligently perform Consultant's duties in conformity with the directions of the Corporation's Chief Executive Officer and will serve the Corporation to the best of Consultant's ability. During the Term of this Agreement, Consultant shall provide such services to the Corporation on an as needed basis.

Section 3. RELATIONSHIP OF PARTIES.

3.1 Independent Contractor. Consultant shall be an independent contractor and shall not be an agent or employee of, and shall have no authority to bind, the Corporation by contract or otherwise.

3.2 Employment Taxes. Consultant will report as self-employment income all fees received by Consultant pursuant to this Agreement. Consultant will indemnify the Corporation and hold it harmless from and against all claims, damages, losses and expenses, including reasonable fees and expenses of attorneys and other professionals, relating to any obligation imposed by law on the Corporation to pay any withholding taxes, social security, unemployment or disability insurance, or similar items in connection with the fees received by Consultant pursuant to this Agreement.

Section 4. TERM. Subject to the termination provision as hereafter provided, the term of this Agreement shall commence on the Effective Date and terminate on June 30, 2005 (the "Term"), or upon such earlier date as specified by one of the parties in a written termination notice to the other, delivered in accordance with Section 6 of this Agreement.

Section 5. FEE / BUSINESS EXPENSES.

5.1 Fee. In consideration of Consultant's performance of consulting services and compliance with this Agreement, the Corporation shall pay to Consultant a fee (the "Fee") in the amount of $15,000.00 per month for the Term of this Agreement, commencing on the Effective Date. The Fee shall be paid in substantially equal installments on a basis consistent with the Corporation's payroll practices.

5.2 Business Expenses. Upon submission of itemized expense statements in the manner specified by the Corporation, Consultant shall be entitled to reimbursement for reasonable travel and other reasonable business expenses duly incurred by Consultant in the performance of Consultant's duties under this Agreement, provided, however that Consultant shall obtain the prior written approval of the Corporation for expenses greater than $100. Such reimbursement shall be in accordance with the policies and procedures established by the Corporation from time to time.

5.3 Bonus. In addition to the Fee provided in Section 5.1, Consultant may be entitled to a bonus (in an amount up to one percent (1%) of the consideration paid by the Corporation) if he locates licensing, acquisition or other transactions that are ultimately consummated by the Corporation (or any of its subsidiaries). Whether such a bonus will be paid (and if so, the amount of such bonus) shall be determined in the sole discretion of the Corporation's Board of Directors. Notwithstanding anything to the contrary in this Agreement, Consultant acknowledges and agrees that he shall not be entitled to any bonus, broker's fee, finder's fee or similar fee in connection with any transaction(s) involving the direct or indirect acquisition of the Corporation or any of its subsidiaries.

Section 6. TERMINATION. Either the Corporation or Consultant may terminate Consultant's services hereunder for any reason at any time, provided, however, that if the Corporation terminates Consultant's services for any reason any time prior to June 30, 2005, the Corporation shall continue to pay Consultant the Fee through such date. The obligations of the parties under Section 7 (Disclosure of Confidential Information), Section 8 (Covenant Not To Compete) and Section 9 (Non-Disparagement) shall survive the termination of this Agreement. Notice of termination of Consultant's employment shall be made in writing and shall be given in accordance with Section 11.8.

Section 7. DISCLOSURE OF CONFIDENTIAL INFORMATION. Consultant recognizes that he has had and will continue to have access to secret and confidential information regarding the Corporation, its officers, directors, employees, agents and vendors and any of its or their affiliates, including, but not limited to, confidential information and trade secrets concerning the Corporation's (or any of its affiliate's) working methods, processes, business and other plans, programs, designs, products, know-how, costs, marketing, promotion, sales activities, trading, investment, credit and financial data, manufacturing processes, financing methods, profit formulas, customer names, customer requirements and supplier names. Consultant acknowledges that such information is of great value to the Corporation, is the sole property of the Corporation, and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by the Corporation herein, Consultant will not, at any time, during or after the Term, reveal, divulge or make known to any person, any information acquired by Consultant prior to or during the Term, including but not limited to its customer list, and not otherwise in the public domain. The provisions of this Section 7 shall survive the termination or expiration of this Agreement. Upon Consultant's breach of the provisions of this Section 7, the Corporation shall be entitled to actual, consequential and incidental damages in addition to any other rights and remedies available to the Corporation.

Section 8. COVENANT NOT TO COMPETE.

(a) Consultant recognizes that the services to be performed by him hereunder are special, unique and extraordinary. The parties confirm that it is reasonably necessary for the protection of the Corporation that Consultant agree, and accordingly, Consultant does hereby agree that, except as provided in Subsection (c) below, he shall not, directly or indirectly:

(i) at any time during the Term of this Agreement, engage in any Competitive Business (as defined in Section 8(d) below) within the Restricted Area (as defined in Section 8(d) below), either on his own behalf or as an officer, director, stockholder, partner, principal, trustee, investor, consultant, associate, employee, owner, agent, creditor, independent contractor, co-venturer of any third party or in any other relationship or capacity; and

(ii) at any time during the six (6) month period following the date on which the Term expires, engage in any Competitive Business within the Restricted Area, either on his own behalf or as an officer, director, stockholder, partner, principal, trustee, investor, consultant, associate, employee, owner, agent, creditor, independent contractor, co-venturer of any third party or in any other relationship or capacity, provided, however, that the restrictions in this Section 8(a)(ii) shall not apply if this Agreement is terminated by the Corporation prior to the expiration of the Term.

(b) Consultant hereby agrees that he will not, directly or indirectly, for or on behalf of himself or any third party, at any time during the Term of this Agreement (i) solicit any customers of the Corporation or (ii) solicit, employ or engage, or cause, encourage or authorize, directly or indirectly, to be employed or engaged, for or on behalf of himself or any third party, any employee or agent of the Corporation or any of its subsidiaries.

(c) This Section 8 shall not be construed to prevent Consultant from owning, directly and indirectly, in the aggregate, an amount not exceeding ten percent (10%) of the issued and outstanding voting securities of any class of any corporation whose voting capital stock is traded on a national securities exchange or in the over-the-counter market.

(d) The term "Competitive Business" as used in this Agreement shall mean the design, manufacture, sale, marketing or distribution of branded or designer footwear. The term "Restricted Area" as used in this Agreement shall mean anywhere in the world.

(e) Upon Consultant's breach of the provisions of this Section 8, the Corporation shall be entitled to actual, consequential and incidental damages in addition to any other rights and remedies available to the Corporation.

Section 9. NON-DISPARAGEMENT. Consultant covenants and agrees not to engage in any act or make any announcement that is intended, or may reasonably be expected, to harm the reputation, business, prospects or operations of the Corporation, its officers, directors, stockholders or employees. The Corporation agrees that it will not engage in any act or make any announcement which is intended, or may reasonably be expected, to harm the reputation, business or prospects of Consultant. Nothing in this Agreement shall restrict Consultant or the Corporation from making disclosure or taking any action required by law. Upon Consultant's breach of the provisions of this Section 9, the Corporation shall be entitled to actual, consequential and incidental damages in addition to any other rights and remedies available to the Corporation.

Section 10. EXTENSION OF OPTION EXERCISE PERIOD. Consultant currently holds the options to purchase shares of common stock of the Corporation set forth on Schedule A hereto (the "Outstanding Options"). The parties hereto agree that Consultant shall have until June 30, 2005 to exercise the Outstanding Options. Any Outstanding Options that remain unexercised after June 30, 2005 shall be terminated.

Section 11. MISCELLANEOUS.

11.1 ENFORCEMENT OF COVENANTS. The parties hereto agree that Consultant is obligated under this Agreement to render personal services during the Term of a special, unique, unusual, extraordinary and intellectual character, thereby giving this Agreement peculiar value, and in the event of a breach of any covenant of Consultant herein, the injury or imminent injury to the value and goodwill of the Corporation's business could not be reasonably or adequately compensated in damages in an action at law. Consultant therefore agrees that the Corporation, in addition to any other remedies available to it, shall be entitled to seek specific performance, preliminary and permanent injunctive relief or any other equitable remedy against Consultant, without the posting of a bond, in the event of any breach or threatened breach by Consultant of any provision of this Agreement (including, but not limited to the provisions of Sections 7 and 8). The rights and remedies of the parties hereto are cumulative and shall not be exclusive, and each party shall be entitled to pursue all legal and equitable rights and remedies and to secure performance of the obligations and duties of the other under this Agreement, and the enforcement of one or more of such rights and remedies by a party shall in no way preclude such party from pursuing, at the same time or subsequently, any and all other rights and remedies available to it.

11.2 SEVERABILITY. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11.3 ASSIGNMENTS. Neither Consultant nor the Corporation may assign or delegate any of their rights or duties under this Agreement without the express written consent of the other, except the Corporation may transfer its rights and duties in connection with a sale of all or substantially all of its assets or in connection with a business combination.

11.4 ENTIRE AGREEMENT; AMENDMENT. This Agreement constitutes and embodies the full and complete understanding and agreement of the parties hereto, supersedes all prior understandings and agreements, whether oral or written, between Consultant and the Corporation, and shall not be amended, modified or changed except by an instrument in writing executed by Consultant and by an expressly authorized officer of the Corporation.

11.5 WAIVER. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

11.6 BINDING EFFECT. This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

11.7 HEADING. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

11.8 NOTICES. Any and all notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by private overnight mail service (e.g. Federal Express) to the party at the address set forth above or to such other address as either party may hereafter give notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after sending.

11.9 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to such State's conflicts of laws principles and each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and state courts located in the State of New York, County of New York.

11.10 COUNTERPARTS. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

STEVEN MADDEN, LTD.

By: /s/ JAMIESON KARSON

Name: Jamieson Karson
Title: Chief Executive Officer

/s/ CHARLES KOPPELMAN

Charles Koppelman

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

c. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the 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: August 6, 2004

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

   c. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the 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: August 6, 2004

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 June 30, 2004 (the "Report"), I, Jamieson A. Karson, Chairman and Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 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
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Jamieson A. Karson
Chairman and Chief Executive Officer
August 6, 2004

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-K for the quarter ended June 30, 2004 (the "Report"), I, Arvind Dharia, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 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
August 6, 2004