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

FORM 10-Q

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

For the quarterly period ended March 31, 2017

or

o 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)

(718) 446-1800

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (do not check if smaller reporting company)	Smaller reporting company o
	Emerging growth company o

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

As of May 8, 2017, the latest practicable date, there were 59,451,007 shares of the registrant's common stock, $0.0001 par value, outstanding.

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
March 31, 2017

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements
STEVEN MADDEN, LTD. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2017 (unaudited)	December 31, 2016	March 31, 2016 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	**$ 94,261**	$ 126,115	$ 70,905
Accounts receivable, net of allowances of $2,721, $1,622 and $2,144	**47,052**	56,790	28,903
Factor accounts receivable, net of allowances of $18,366, $20,209 and $18,143	**185,414**	144,168	188,233
Inventories	**96,973**	119,824	80,356
Marketable securities – available for sale	**45,682**	39,495	34,419
Prepaid expenses and other current assets	**22,623**	26,351	27,199
Prepaid taxes	**10,472**	15,928	14,548
Total current assets	**502,477**	528,671	444,563
Note receivable – related party	**2,555**	2,644	2,903
Property and equipment, net	**74,747**	72,381	72,727
Deposits and other	**4,753**	4,710	4,748
Marketable securities – available for sale	**53,298**	70,559	87,575
Deferred taxes	**1,813**	1,813	594
Goodwill – net	**152,449**	135,711	138,096
Intangibles – net	**151,878**	144,386	150,546
Total Assets	**$ 943,970**	$ 960,875	$ 901,752
LIABILITIES			
Current liabilities:			
Accounts payable	**$ 70,896**	$ 80,584	$ 86,831
Accrued expenses	**63,496**	86,635	47,409
Contingent payment liability – current portion	**8,780**	7,948	16,351
Accrued incentive compensation	**2,224**	7,960	1,774
Total current liabilities	**145,396**	183,127	152,365
Contingent payment liability	**23,050**	—	4,941
Deferred rent	**14,739**	14,578	12,217
Deferred taxes	**19,513**	19,466	26,173
Other liabilities	**2,450**	2,632	2,390
Total Liabilities	**205,148**	219,803	198,086
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 – $.0001 par value, 135,000 shares authorized, 86,655, 86,417 and 85,945 shares issued, 59,736, 60,410 and 61,983 shares outstanding	**6**	6	6
Additional paid-in capital	**360,431**	353,443	337,850
Retained earnings	**1,037,911**	1,017,753	916,801
Accumulated other comprehensive loss	**(29,416)**	(31,751)	(24,725)
Treasury stock – 26,919, 26,007 and 23,962 shares at cost	**(631,745)**	(598,584)	(526,613)
Total Steven Madden, Ltd. stockholders' equity	**737,187**	740,867	703,319
Noncontrolling interest	**1,635**	205	347
Total stockholders' equity	**738,822**	741,072	703,666
Total Liabilities and Stockholders' Equity	**$ 943,970**	$ 960,875	$ 901,752

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	2017	**2016**
Net sales	**$ 366,387**	$ 329,357
Cost of sales	**233,669**	213,155
Gross profit	**132,718**	116,202
Commission and licensing fee income – net	**3,927**	2,171
Operating expenses	**(105,865)**	(88,493)
Income from operations	**30,780**	29,880
Interest and other income (expense) – net	**684**	(176)
Income before provision for income taxes	**31,464**	29,704
Provision for income taxes	**10,942**	5,808
Net income	**20,522**	23,896
Net income attributable to noncontrolling interest	**364**	237
Net income attributable to Steven Madden, Ltd.	**$ 20,158**	$ 23,659
Basic net income per share	**$ 0.36**	$ 0.41
Diluted net income per share	**$ 0.35**	$ 0.39
Basic weighted average common shares outstanding	**55,828**	57,709
Effect of dilutive securities – options/restricted stock	**2,375**	2,544
Diluted weighted average common shares outstanding	**58,203**	60,253

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income
(unaudited)
(in thousands)

	Three Months Ended March 31, 2017		
	Pre-tax amounts	Tax benefit/(expense)	After-tax amounts
Net income			$ 20,522
Other comprehensive income (loss):			
Foreign currency translation adjustment	$ 2,411	$ —	2,411
Gain or (loss) on cash flow hedging derivatives	(307)	66	(241)
Unrealized gain (loss) on marketable securities	260	(95)	165
Total other comprehensive income (loss)	$ 2,364	$ (29)	2,335
Comprehensive income			22,857
Comprehensive income attributable to noncontrolling interests			364
Comprehensive income attributable to Steven Madden, Ltd.			$ 22,493

	Three Months Ended March 31, 2016		
	Pre-tax amounts	Tax benefit/(expense)	After-tax amounts
Net income			$ 23,896
Other comprehensive income (loss):			
Foreign currency translation adjustment	$ 5,153	$ —	5,153
Gain or (loss) on cash flow hedging derivatives	663	(242)	421
Unrealized gain (loss) on marketable securities	1,754	(640)	1,114
Total other comprehensive income (loss)	$ 7,570	$ (882)	6,688
Comprehensive income			30,584
Comprehensive income attributable to noncontrolling interests			237
Comprehensive income attributable to Steven Madden, Ltd.			$ 30,347

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	2017	**2016**
Cash flows from operating activities:		
Net income	**$ 20,522**	$ 23,896
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	**5,176**	4,927
Depreciation and amortization	**5,221**	5,201
Loss on disposal of fixed assets	**930**	—
Deferred taxes	**(962)**	(3,202)
Accrued interest on note receivable - related party	**(14)**	(16)
Deferred rent expense	**161**	204
Realized (gain) loss on sale of marketable securities	**(20)**	779
Changes in fair value on contingent liability	**832**	—
Bad debt expense from bankruptcy	**7,500**	—
Changes, net of acquisitions, in:		
Accounts receivable	**13,549**	14,270
Factor accounts receivable	**(41,246)**	(33,022)
Notes receivable - related party	**103**	103
Inventories	**35,549**	21,724
Prepaid expenses, prepaid taxes, deposits and other	**12,907**	1,501
Accounts payable and accrued expenses	**(45,777)**	(17,655)
Accrued incentive compensation	**(5,736)**	(4,367)
Other liabilities	**(182)**	902
Net cash provided by operating activities	**8,513**	15,245
Cash flows from investing activities:		
Acquisitions, net of cash acquired	**(17,396)**	—
Capital expenditures	**(3,293)**	(4,384)
Purchases of marketable securities	**(5,301)**	(3,497)
Maturity/sale of marketable securities	**16,593**	4,534
Net cash used in investing activities	**(9,397)**	(3,347)
Cash flows from financing activities:		
Proceeds from exercise of stock options	**1,812**	3,678
Payment of contingent liability	**—**	(3,483)
Common stock purchased for treasury	**(33,161)**	(14,034)
Net cash used in financing activities	**(31,349)**	(13,839)
Effect of exchange rate changes on cash and cash equivalents	**379**	432
Net (decrease) in cash and cash equivalents	**(31,854)**	(1,509)
Cash and cash equivalents – beginning of period	**126,115**	72,414
Cash and cash equivalents – end of period	**$ 94,261**	$ 70,905

See accompanying notes to condensed consolidated financial statements - unaudited.

Notes to Condensed Consolidated Financial Statements – Unaudited
March 31, 2017
($ in thousands except share and per share data)

Note A – Basis of Reporting

The accompanying unaudited condensed consolidated financial statements of Steven Madden, Ltd. and subsidiaries (the “Company”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the financial position of the Company and the results of its operations and cash flows for the periods presented. Certain adjustments were made to prior years' amounts to conform to the 2017 presentation. The results of operations for the three-month period ended March 31, 2017 are not necessarily indicative of the operating results for the full year. These financial statements should be read in conjunction with the financial statements and related disclosures for the year ended December 31, 2016 included in the Annual Report of Steven Madden, Ltd. on Form 10-K filed with the SEC on February 28, 2017.

Note B – Use of Estimates

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

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

Note C – Factor Receivable

The Company has a collection agency agreement with Rosenthal & Rosenthal, Inc. (“Rosenthal”). The agreement can be terminated by the Company or Rosenthal at any time upon 60 days prior written notice. Under the agreement, the Company can request advances from Rosenthal of up to 85% of aggregate receivables submitted to Rosenthal. The agreement provides the Company with a $30,000 credit facility with a $15,000 sub-limit for letters of credit at an interest rate based, at the Company’s election, upon a calculation that utilizes either the prime rate minus 0.5% or LIBOR plus 2.5%. As of March 31, 2017 and 2016, no borrowings were outstanding and there were no open letters of credit. The Company also pays Rosenthal a fee based on a percentage of the gross invoice amount submitted to Rosenthal. With respect to receivables related to our private label business, the fee is 0.14% of the gross invoice amount. With respect to all other receivables, the fee is 0.20% of the gross invoice amount. Rosenthal assumes the credit risk on a substantial portion of the receivables that the Company submits to it and, to the extent of any loans made to the Company, Rosenthal maintains a lien on the Company’s receivables to secure the Company’s obligations.

Note D – Marketable Securities

Marketable securities consist primarily of certificates of deposit and corporate bonds with maturities greater than three months and up to four years at the time of purchase as well as marketable equity securities. These securities, which are classified as available-for-sale, are carried at fair value, with unrealized gains and losses, net of any tax effect, reported in stockholders’ equity as accumulated other comprehensive income (loss). These securities are classified as current and non-current marketable securities based upon their maturities. Amortization of premiums and discounts is included in interest income. The amortization of bond premiums totaled $308 for the three months ended March 31, 2017 and 2016. The values of these securities may fluctuate as a result of changes in equity values, market interest rates and credit risk. The schedule of maturities at March 31, 2017 and December 31, 2016 are as follows:

($ in thousands except share and per share data)

Note D – Marketable Securities (continued)

	Maturities as of March 31, 2017		Maturities as of December 31, 2016	
	1 Year or Less	**1 to 4 Years**	**1 Year or Less**	**1 to 4 Years**
Corporate bonds	**$ 17,438**	**$ 53,298**	$ 11,527	$ 70,559
Certificates of deposit	**28,244**	**—**	27,968	—
Total	**$ 45,682**	**$ 53,298**	$ 39,495	$ 70,559

For the three months ended March 31, 2017, gains of $26 and losses of $6 were reclassified from accumulated other comprehensive income and recognized in the income statement in interest and other income compared to losses of $779 for the comparable period in 2016. For the three month period ended March 31, 2017, current marketable securities included unrealized gains of $2 and unrealized losses of $208 and long-term marketable securities included unrealized gains of $109 and unrealized losses of $45. For the comparable period in 2016, current marketable securities included unrealized losses of $443 while long-term marketable securities included unrealized gains of $296 and unrealized losses of $350.

Note E – Fair Value Measurement

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

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

The Company’s financial assets and liabilities subject to fair value measurements as of March 31, 2017 and December 31, 2016 are as follows:

		March 31, 2017		
		Fair Value Measurements		
	Fair value	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 3,311	$ 3,311	$ —	$ —
Current marketable securities – available for sale	45,682	45,682	—	—
Long-term marketable securities – available for sale	53,298	53,298	—	—
Forward contracts	12	—	12	—
Total assets	$ 102,303	$ 102,291	$ 12	$ —
Liabilities:				
Contingent consideration	$ 31,830	$ —	$ —	$ 31,830
Total liabilities	$ 31,830	$ —	$ —	$ 31,830

($ in thousands except share and per share data)

Note E – Fair Value Measurement (continued)

		December 31, 2016		
		Fair Value Measurements		
	Fair value	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 3,309	$ 3,309	$ —	$ —
Current marketable securities – available for sale	39,495	39,495	—	—
Long-term marketable securities – available for sale	70,559	70,559	—	—
Forward contracts	191	—	191	—
Total assets	$ 113,554	$ 113,363	$ 191	$ —
Liabilities:				
Contingent consideration	$ 7,948	$ —	$ —	$ 7,948
Total liabilities	$ 7,948	$ —	$ —	$ 7,948

Our level 3 balances consist of contingent consideration related to various acquisitions. The changes in our level 3 assets and liabilities for the periods ended March 31, 2017 and December 31, 2016 are as follows:

	Balance at January 1,	Payments	Acquisitions	Change in estimate	Balance at March 31,
2017					
Liabilities:					
Contingent consideration	$ 7,948	—	23,050	832	$ 31,830

	Balance at January 1,	Payments	Acquisitions	Change in estimate	Balance at December 31,
2016					
Liabilities:					
Contingent consideration	$ 24,775	(16,402)	—	(425)	$ 7,948

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

The Company has recorded a liability for potential contingent consideration in connection with the January 30, 2017 acquisition of all of the outstanding capital stock of Schwartz & Benjamin, Inc., B.D.S., Inc., Quinby Ridge Enterprises LLC and DANIELBARBARA Enterprises LLC (together, "Schwartz & Benjamin"). Pursuant to the terms of an earn-out agreement between the Company and the sellers of Schwartz & Benjamin, earn-out payments, if achieved, are due annually to the sellers of Schwartz & Benjamin based on the financial performance of Schwartz & Benjamin for each of the twelve-month periods ending on January 31, 2018 through 2023, inclusive. The fair value of the contingent payments was estimated using the present value of the payments based on management’s projections of the financial results of Schwartz & Benjamin during the earn-out period.

Note E – Fair Value Measurement (continued)

The Company has recorded a liability for potential contingent consideration in connection with the December 30, 2014 acquisition of all of the outstanding capital stock of Trendy Imports S.A. de C.V., Comercial Diecisiette S.A. de C.V. and Maximus Designer
Shoes S.A. de C.V. (together, "SM Mexico"). Pursuant to the terms of an earn-out agreement between the Company and the seller of SM Mexico, earn-out payments, if achieved, are due annually to the seller of SM Mexico based on the financial performance of SM Mexico for each of the twelve-month periods ending on December 31, 2015 and 2016, inclusive. The fair value of the contingent payments was estimated using the present value of payments based on management's projections of the financial results of SM Mexico during the earn-out period. The current portion of the earn-out due, based on the twelve-month period ending December 31, 2016, approximates the recorded value. An earn-out payment of $3,482 for the period ended December 31, 2015 was paid to the seller of SM Mexico in the first quarter of 2016.

The Company has recorded a liability for potential contingent consideration in connection with the August 13, 2014 acquisition of all of the outstanding capital stock of Dolce Vita Holdings, Inc. ("Dolce Vita"). Pursuant to the terms of an earn-out agreement between the Company and the seller of Dolce Vita, earn-out payments are due annually to the seller of Dolce Vita based on the financial performance of Dolce Vita for each of the twelve-month periods ending on September 30, 2015 and 2016, inclusive, provided that the aggregate minimum earn-out payment shall be no less than $5,000. The fair value of the contingent payments was estimated using the present value of management's projections of the financial results of Dolce Vita during the earn-out period. The first earn-out payment of $1,019 for the period ended September 30, 2015 was paid to the seller of Dolce Vita in the fourth quarter of 2015. A final earn-out payment of $8,355 for the period ended September 30, 2016 was paid to the seller of Dolce Vita in the fourth quarter of 2016.

The Company has recorded a liability for potential contingent consideration in connection with the February 21, 2012 acquisition of SM Canada. Pursuant to the terms of an earn-out agreement between the Company and the seller of SM Canada, earn-out payments, if achieved, are due annually to the seller of SM Canada based on the financial performance of SM Canada for each of the 12-month periods ending on March 31, 2013 through 2017, inclusive. The fair value of the contingent payments was estimated using the present value of payments based on management's projections of the financial results of SM Canada during the earn-out period. An earn-out payment of $2,798 for the period ended March 31, 2016 was paid to the seller of SM Canada in the second quarter of 2016.

The Company has recorded a liability for potential contingent consideration in connection with the May 25, 2011 acquisition of all of the outstanding shares of capital stock of Cejon, Inc. and Cejon Accessories, Inc. and all of the outstanding membership interests in New East Designs, LLC (collectively, "Cejon"). Pursuant to the terms of an earn-out agreement between the Company and the sellers of Cejon, earn-out payments, if achieved, are made annually to the sellers of Cejon, based on the financial performance of Cejon for each of the twelve-month periods ending on June 30, 2012 through 2016, inclusive. The fair value of the contingent
payments was estimated using the present value of payments based on management's projections of the financial results of Cejon during the earn-out period. A final earn-out payment of $1,767 for the period ended June 30, 2016 was paid to the seller of Cejon, Inc. in the third quarter of 2016.

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

Note F – Revenue Recognition

The Company recognizes revenue on wholesale sales when (i) products are shipped pursuant to its standard terms, which are freight on board Company warehouse, or when products are delivered to the consolidators, or any other destination, as per the terms of the customers' purchase order, (ii) persuasive evidence of an arrangement exists, (iii) the price is fixed and determinable and (iv) collection is reasonably assured. Sales reductions on wholesale sales for anticipated discounts, allowances and other deductions are recognized during the period when sales are recorded. With the exception of our cold weather accessories and Blondo businesses, normally we do not accept returns from our wholesale customers unless there are product quality issues, which

Note F – Revenue Recognition (continued)

we charge back to the vendors at cost. Sales of cold weather accessories and Blondo products to wholesale customers are recorded net of returns, which are estimated based on historical experience. Such amounts have historically not been material.

Retail sales are recognized when the payment is received from customers and are recorded net of returns. The Company generates commission income acting as a buying agent by arranging to manufacture private label shoes to the specifications of its customers. The Company's commission revenue also includes fees charged for its design, product and development services provided to certain suppliers in connection with the Company's private label business. Commission revenue and product and development fees are recognized as earned when title to the product transfers from the manufacturer to the customer and collections are reasonably assured and are reported on a net basis after deducting related operating expenses.

The Company licenses its Steve Madden®, Steven by Steve Madden® and Madden Girl® trademarks for use in connection with the manufacture, marketing and sale of outerwear, hosiery, activewear, sleepwear, jewelry, watches, hair accessories, umbrellas, bedding, luggage, and men's leather accessories. The Company also licenses the Stevies® trademark for use in connection with the manufacture, marketing and sale of outerwear exclusively to Target. In addition, the Company licenses the Betsey Johnson® trademark for use in connection with the manufacture, marketing and sale of women's and children's apparel, hosiery, swimwear, outerwear, sleepwear, activewear, jewelry, watches, bedding, luggage, stationery, umbrellas, and household goods. The Company licenses the Dolce Vita® trademark for use in connection with the manufacture, marketing and sale of women's and children's apparel. The license agreements require the licensee to pay the Company a royalty and, in substantially all of the agreements, an advertising fee, both of which are based on the higher of a minimum or a net sales percentage as defined in the various agreements. In addition, under the terms of retail selling agreements, most of the Company's international distributors are required to pay the Company a royalty based on a percentage of net sales, in addition to a commission and a design fee on the purchases of the Company's products. Licensing revenue is recognized on the basis of net sales reported by the licensees, or the minimum guaranteed royalties, if higher. In substantially all of the Company's license agreements, the minimum guaranteed royalty is earned and receivable on a quarterly basis.

Note G – Sales Deductions

The Company supports retailers' initiatives to maximize sales of the Company's products on the retail floor by subsidizing the co-op advertising programs of such retailers, providing them with inventory markdown allowances and participating in various other marketing initiatives of its major customers. In addition, the Company accepts returns for damaged products for which the Company's costs are normally charged back to the responsible third-party factory. Such expenses are reflected in the condensed consolidated financial statements as deductions from gross sales to arrive at net sales.

Note H – Share Repurchase Program

The Company's Board of Directors authorized a share repurchase program (the "Share Repurchase Program"), effective as of January 1, 2004. The Share Repurchase Program does not have a fixed expiration or termination date and may be modified or terminated by the Board of Directors at any time. On several occasions the Board of Directors has increased the amount authorized for repurchase. The Share Repurchase Program permits the Company to effect repurchases from time to time through a combination of open market repurchases or in privately negotiated transactions at such prices and times as are determined to be in the best interest of the Company. On February 22, 2016, the Board of Directors approved the extension of the Share Repurchase Program
for an additional $136,000 in repurchases of the Company's common stock. During the three months ended March 31, 2017, an aggregate of 867,095 shares of the Company's common stock were repurchased under the Share Repurchase Program, at an average price per share of $36.32, for an aggregate purchase price of approximately $31,492. As of March 31, 2017, approximately $85,882 remained available for future repurchases under the Share Repurchase Program.

The Steven Madden, Ltd. 2006 Stock Incentive Plan provides the Company with the right to deduct or withhold, or require employees to remit to the Company, an amount sufficient to satisfy any applicable tax withholding obligations applicable to stock-based compensation awards. To the extent permitted, employees may elect to satisfy all or part of such withholding obligations by tendering to the Company previously owned shares or by having the Company withhold shares having a fair market value equal to the minimum statutory tax withholding rate that could be imposed on the transaction. During the three months ended March

($ in thousands except share and per share data)

Note H – Share Repurchase Program (continued)

31, 2017, an aggregate of 44,955 shares were withheld in connection with the settlement of vested restricted stock to satisfy tax withholding requirements, at an average price per share of $37.14, for an aggregate purchase price of approximately $1,670.

Note I – Net Income Per Share of Common Stock

Basic net income per share is based on the weighted average number of shares of common stock outstanding during the period, which does not include unvested restricted common stock subject to forfeiture of 4,224,000 shares for the three months ended March 31, 2017, compared to 4,113,000 shares for the three months ended March 31, 2016. Diluted net income per share reflects:
(a) the potential dilution assuming shares of common stock were issued upon the exercise of outstanding in-the-money options and the proceeds thereof were used to purchase shares of the Company's common stock at the average market price during the period, and (b) the vesting of granted non-vested restricted stock awards for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost not yet recognized attributable to future services using the treasury stock method, to the extent dilutive. During the third quarter of 2016, the Company adopted Accounting Standards Update 2016-09, "Improvements to Employee Share-Based Payment Accounting," which provides updated guidance relating to the treasury stock calculation of diluted shares. (See Note P for further details.) For the three months ended March 31, 2017, options to purchase approximately 304,000 shares of common stock have been excluded from the calculation of diluted net income per share as compared to 363,000 shares that were excluded for the three months ended March 31, 2016, as the result would have been antidilutive. For the three months ended March 31, 2017 and 2016, all unvested restricted stock awards were dilutive.

Note J – Equity-Based Compensation

In March 2006, the Company's Board of Directors approved the Steven Madden, Ltd. 2006 Stock Incentive Plan, as amended (the "Plan"), under which nonqualified stock options, stock appreciation rights, performance shares, restricted stock, other stock-based awards, and performance-based cash awards may be granted to employees, consultants and non-employee directors. The following table summarizes the number of shares of common stock authorized for use under the Plan, the number of stock-based awards granted (net of expired or cancelled awards) under the Plan and the number of shares of common stock available for the grant of stock-based awards under the Plan:

Common stock authorized	23,466,000
Stock-based awards, including restricted stock and stock options granted, net of expired or cancelled	(21,528,000)
Common stock available for grant of stock-based awards as of March 31, 2017	1,938,000

Total equity-based compensation for the three months ended March 31, 2017 and 2016 is as follows:

	Three Months Ended March 31,	
	2017	**2016**
Restricted stock	**$ 4,214**	$ 4,143
Stock options	**962**	784
Total	**$ 5,176**	$ 4,927

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

($ in thousands except share and per share data)

Note J – Equity-Based Compensation (continued)

Stock Options

Cash proceeds and intrinsic values related to total stock options exercised during the three months ended March 31, 2017 and 2016 are as follows:

	Three Months Ended March 31,	
	2017	**2016**
Proceeds from stock options exercised	**$ 1,812**	$ 3,678
Intrinsic value of stock options exercised	**$ 1,011**	$ 11,030

During the three months ended March 31, 2017, options to purchase approximately 231,837 shares of common stock with a weighted average exercise price of $32.65 vested. During the three months ended March 31, 2016, options to purchase approximately 214,328 shares of common stock with a weighted average exercise price of $31.63 vested. As of March 31, 2017, there were unvested options relating to 1,264,540 shares of common stock outstanding with a total of $10,371 of unrecognized compensation cost and an average vesting period of 3.83 years.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted, which requires several assumptions. The expected term of the options represents the estimated period of time until exercise and is based on the historical experience of similar awards. Expected volatility is based on the historical volatility of the Company's common stock. The risk
free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The Company historically has not paid regular cash dividends and thus the expected dividend rate is assumed to be zero. The following weighted average assumptions were used for stock options granted during the three months ended March 31, 2017 and 2016:

	2017	**2016**
Volatility	**23.2% to 26.4%**	22.2% to 26.2%
Risk free interest rate	**1.48% to 1.99%**	1.20% to 1.73%
Expected life in years	**3.4 to 5.0**	3.8 to 5.0
Dividend yield	**0.00%**	0.00%
Weighted average fair value	**$8.97**	$7.26

Activity relating to stock options granted under the Company's plans and outside the plans during the three months ended March 31, 2017 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2017	**1,499,000**	**$ 29.72**		
Granted	**899,000**	**37.06**		
Exercised	**(74,000)**	**24.29**		
Forfeited	**(1,000)**	**36.59**		
Outstanding at March 31, 2017	**2,323,000**	**$ 32.73**	**4.6 years**	**$ 13,513**
Exercisable at March 31, 2017	**1,058,000**	**$ 28.44**	**2.6 years**	**$ 10,702**

($ in thousands except share and per share data)

Note J – Equity-Based Compensation (continued)

Restricted Stock

The following table summarizes restricted stock activity during the three months ended March 31, 2017 and 2016:

	2017		**2016**	
	Number of Shares	**Weighted Average Fair Value at Grant Date**	**Number of Shares**	**Weighted Average Fair Value at Grant Date**
Non-vested at January 1,	**4,191,000**	**$ 25.93**	4,055,000	$ 25.32
Granted	**166,000**	**36.61**	273,000	34.06
Vested	**(125,000)**	**33.15**	(126,000)	29.51
Forfeited	**(3,000)**	**34.77**	—	—
Non-vested at March 31,	**4,229,000**	**$ 26.13**	4,202,000	$ 25.81

As of March 31, 2017, the Company had $72,689 of total unrecognized compensation cost related to restricted stock awards granted under the Plan. This cost is expected to be recognized over a weighted average of 6.00 years. The Company determines the fair value of its restricted stock awards based on the market price of its common stock on the date of grant.

On January 3, 2012, the Company and its Creative and Design Chief, Steven Madden, entered into an amendment of Mr. Madden’s existing employment agreement, pursuant to which, on February 8, 2012, Mr. Madden was granted 1,463,057 restricted shares of the Company’s common stock at the then market price of $27.34, which will vest in equal annual installments over a seven-year period commencing on December 31, 2017 and, thereafter, on each December 31 through December 31, 2023, subject to Mr. Madden’s continued employment on each such vesting date. On June 30, 2012, Mr. Madden exercised his right under his employment agreement to receive an additional restricted stock award, and, on July 3, 2012, he was granted 1,893,342 restricted shares of the Company's common stock at the then market price of $21.13, which will vest in the same manner as the aforementioned grant. On August 8, 2016, pursuant to the employment agreement, Mr. Madden was granted an option to purchase 150,000 shares
of the Company's common stock at an exercise price of $34.42 per share, which option is exercisable in equal quarterly installments commencing on November 8, 2016.

Note K – Acquisitions

Schwartz & Benjamin

In January 2017, the Company acquired all of the outstanding capital stock of Schwartz & Benjamin, Inc., B.D.S., Inc., Quinby Ridge Enterprises LLC and DANIELBARBARA Enterprises LLC (together, "Schwartz & Benjamin"). Founded in 1923, Schwartz & Benjamin specializes in the design, sourcing and sale of licensed and private label footwear and distributes its fashion footwear to wholesale customers, including department stores and specialty boutiques, as well as the retail stores of its brand partners. The total purchase price for the acquisition was approximately $40,446, which is subject to a working capital adjustment. The total purchase price includes a cash payment at closing of $17,396, plus potential earn-out payments based on the achievement of certain earnings targets for each of the twelve month periods ending on January 31, 2018 through 2023, inclusive. The fair value of the contingent payments was estimated using the present value of the payments based on management's projections of the financial results of Schwartz & Benjamin during the earn-out period. At March 31, 2017, the Company estimated the fair value of the contingent consideration to be $23,050.

The transaction was accounted for using the acquisition method required by GAAP. Accordingly, the assets and liabilities of Schwartz & Benjamin were recorded at their fair values, and the excess of the purchase price over the fair value of the assets acquired and liabilities assumed, including identified intangible assets, was recorded as goodwill. The fair values assigned to

($ in thousands except share and per share data)

Note K – Acquisitions (continued)

tangible and intangible assets acquired and liabilities assumed are based on management’s estimates and assumptions, which are subject to change. The purchase price has been preliminarily allocated as follows:

Inventory	$	12,698
Accounts receivable		11,311
Trademarks		4,000
Customer relations		3,900
Fixed assets		3,281
Prepaids and other assets		2,694
Accounts payable		(8,281)
Accrued expenses		(4,669)
Total fair value excluding goodwill		24,934
Goodwill		15,512
Net assets acquired	$	40,446

The allocation of the purchase price is based on certain preliminary valuations and analyses that have not been completed as of the date of this filing. Any changes in the estimated fair values of the assets acquired, including identifiable intangible assets, and liabilities assumed upon the finalization of more detailed analysis, within the measurement period, will change the allocation of the purchase price. Contingent consideration classified as a liability will be remeasured at fair value at each reporting date, until the contingency is resolved, with changes recognized in earnings. The goodwill related to this transaction is expected to be deductible for tax purposes over 15 years.

Madlove, LLC

In June 2016, the Company paid $3,759 to acquire the remaining minority interest in Madlove, LLC ("Mad Love") thereby making Mad Love a wholly-owned subsidiary. Mad Love was formed as a joint venture in April 2011, in which the Company was the majority interest holder, had financial control and consolidated the financial statements of the joint venture. Mad Love designs and markets women’s footwear under the Mad Love label. The Company has accounted for the acquisition of the minority interest as an equity transaction.

SM Europe

In April 2016, the Company formed a joint venture ("SM Europe") with SPM Shoetrade Holding B.V. through its subsidiary, Steve Madden Europe B.V. The Company is the majority interest holder in SM Europe and controls the joint venture. SM Europe is the exclusive distributor of the Company's products in Albania, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Kosovo, Lithuania, Latvia, Luxembourg, the Netherlands, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Sweden, Switzerland, and Tunisia. As the Company controls the joint venture and is the majority interest holder in SM Europe, the assets, liabilities and results of operations of SM Europe are included in the Company’s Consolidated Financial Statements. The other member's interest is reflected in “Net income attributable to noncontrolling interests” in the Condensed Consolidated Statements of Income and “Noncontrolling interests” in the Condensed Consolidated Balance Sheets.

Notes to Condensed Consolidated Financial Statements – Unaudited
March 31, 2017
($ in thousands except share and per share data)

Note L – Goodwill and Intangible Assets

The following is a summary of the carrying amount of goodwill by segment as of March 31, 2017:

	Wholesale			
	Footwear	Accessories	Retail	Net Carrying Amount
Balance at January 1, 2017	$ 72,261	$ 49,324	$ 14,126	$ 135,711
Acquisitions	15,512	—	—	15,512
Purchase accounting adjustment	—	—	—	—
Translation and other	697	—	529	1,226
Balance at March 31, 2017	$ 88,470	$ 49,324	$ 14,655	$ 152,449

The following table details identifiable intangible assets as of March 31, 2017:

	Estimated Lives	Cost Basis	Accumulated Amortization (1)	Impairment (2)	Net Carrying Amount
Trade names	6–10 years	$ 8,590	$ 3,999	$ —	$ 4,591
Customer relationships	10 years	45,409	21,707	—	23,702
License agreements	3–6 years	5,600	5,600	—	—
Non-compete agreement	5 years	2,440	2,336	—	104
Re-acquired right	2 years	4,200	4,200	—	—
Other	3 years	14	14	—	—
		66,253	37,856	—	28,397
Re-acquired right	indefinite	35,200	9,007	—	26,193
Trademarks	indefinite	100,333	—	3,045	97,288
		$ 201,786	$ 46,863	$ 3,045	$ 151,878

(1) Includes the effect of foreign currency translation related primarily to the movements of the Canadian dollar and Mexican peso in relation to the U.S. dollar.
(2) An impairment charge of $3,045 was recorded in the first quarter of 2015 related to the Company's Wild Pair trademark. The impairment was triggered by a loss of future anticipated cash flows from a significant customer.

The estimated future amortization expense of purchased intangibles as of March 31, 2017 is as follows:

2017 (remaining nine months)	$ 3,329
2018	4,379
2019	4,306
2020	3,500
2021	1,852
Thereafter	11,031
	$ 28,397

Note M – Derivative Instruments

The Company uses derivative instruments, specifically, forward foreign exchange contracts, to manage the risk associated with the volatility of future cash flows. The foreign exchange contracts are used to mitigate the impact of exchange rate fluctuations on certain forecasted purchases of inventory and are designated as cash flow hedging instruments. As of March 31, 2017, the fair value of the Company's foreign currency derivatives, which is included on the Condensed Consolidated Balance Sheets in other assets, is $12. As of March 31, 2017, $51 of losses related to cash flow hedges are recorded in accumulated other comprehensive loss, net of taxes and are expected to be recognized in earnings at the same time the hedged items affect earnings. As of March 31, 2016, $106 of gains related to cash flow hedges were recorded in accumulated other comprehensive loss, net of taxes. As of March 31, 2017, the Company's hedging activities was considered effective and, thus, no ineffectiveness from hedging activities were recognized in the Condensed Consolidated Statements of Income. For the three months ended March 31, 2017, losses of $6 were reclassified from accumulated other comprehensive income and recognized in the income statement in cost of sales, as compared to losses of $362 for the three months ended March 31, 2016.

Note N – Commitments, Contingencies and Other

Legal proceedings:

Information regarding certain specific legal proceedings in which the Company is involved is contained in Part 1, Item 3, and in Note N to the notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. Unless otherwise indicated in this report, all proceedings discussed in the earlier reports which are not indicated therein as having been concluded, remain outstanding as of March 31, 2017.

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

Note O – Operating Segment Information

The Company operates the following business segments: Wholesale Footwear, Wholesale Accessories, Retail, First Cost and Licensing. The Wholesale Footwear segment, through sales to department stores, mid-tier retailers, mass market merchants, online retailers and specialty stores, derives revenue, both domestically and internationally (via our International business), from sales of branded and private label women’s, men’s, girls’ and children’s footwear. The Wholesale Accessories segment, which includes branded and private label handbags, belts and small leather goods as well as cold weather and selected other fashion accessories, derives revenue, both domestically and worldwide (via our International business), from sales to department stores, mid-tier retailers, mass market merchants, online retailers and specialty stores. Our Wholesale Footwear and Wholesale Accessories segments, through our International business, derive revenue from Albania, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Kosovo, Lithuania, Latvia, Luxembourg, Mexico, the Netherlands, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Sweden, Switzerland, and Tunisia and, under special distribution arrangements in various other territories within Asia, Australia, Europe, the Middle East, India, South and Central America and New Zealand. The Retail segment, through the operation of Company-owned retail stores in the United States, Canada, Mexico and South Africa and the Company’s websites, derives revenue from sales of branded women’s, men’s and children’s footwear, accessories and licensed products to consumers. The First Cost segment represents activities of a subsidiary that earns commissions and design fees for serving as a buying agent of footwear products to mass-market merchandisers, mid-tier department stores and other retailers with respect to their purchase of footwear. In the Licensing segment, the Company generates revenue by licensing its Steve Madden®, Steven by Steve Madden® and Madden Girl® trademarks and other trademark rights for use in connection with the manufacture, marketing and sale of outerwear, hosiery, activewear, sleepwear, jewelry, watches, hair accessories, umbrellas, bedding, luggage, and men’s leather accessories. The Company licenses its Stevies® trademark for use in connection with the manufacture, marketing and sale of outerwear exclusively to Target. In addition, this segment licenses the Betsey Johnson® trademark for use in connection with the manufacture, marketing and sale of women's and children's apparel, hosiery, swimwear, outerwear, sleepwear, activewear, jewelry, watches, bedding, luggage, stationery, umbrellas, and household

($ in thousands except share and per share data)

Note O – Operating Segment Information (continued)

goods; and furthermore, licenses the Dolce Vita® trademark for use in connection with the manufacture, marketing and sale of women's and children’s apparel.

As of and for the three months ended,	Wholesale Footwear	Wholesale Accessories	Total Wholesale	Retail	First Cost	Licensing	Consolidated
March 31, 2017							
Net sales to external customers	$ 261,364	$ 51,952	**$ 313,316**	**$ 53,071**	**$ —**	**$ —**	**$ 366,387**
Gross profit	85,448	16,113	**101,561**	**31,157**	**—**	**—**	**132,718**
Commissions and licensing fees – net	—	—	**—**	**—**	**1,533**	**2,394**	**3,927**
Income (loss) from operations	30,695	2,370	**33,065**	**(6,212)**	**1,533**	**2,394**	**30,780**
Segment assets	$ 764,386	$ 59,019	**823,405**	**109,955**	**10,610**	**—**	**943,970**
Capital expenditures			**$ 1,391**	**$ 1,902**	**$ —**	**$ —**	**$ 3,293**
March 31, 2016							
Net sales to external customers	$ 228,920	$ 46,879	$ 275,799	$ 53,558	$ —	$ —	$ 329,357
Gross profit	70,922	15,205	86,127	30,075	—	—	116,202
Commissions and licensing fees – net	—	—	—	—	585	1,586	2,171
Income (loss) from operations	28,930	1,914	30,844	(3,135)	585	1,586	29,880
Segment assets	$ 744,007	$ 49,223	793,230	104,526	3,996	—	901,752
Capital expenditures			$ 1,417	$ 2,967	$ —	$ —	$ 4,384

Revenues by geographic area for the three months ended March 31, 2017 and 2016 are as follows:

	Three Months Ended March 31,	
	2017	**2016**
Domestic (a)	**$ 332,592**	$ 299,296
International	**33,795**	30,061
Total	**$ 366,387**	$ 329,357

(a) Includes revenues of $77,840 and $87,922 for the three months ended March 31, 2017 and 2016, respectively, related to sales to U.S. customers where the title is transferred outside the U.S. and the sale is recorded by our international business.

Note P – Recent Accounting Pronouncements

Recently Adopted

In July 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update 2015-11 ("ASU 2015-11"), "Inventory (Topic 330): Simplifying the Measurement of Inventory", which changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. ASU 2015-11 defines net realizable value as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company adopted the provisions of ASU 2015-11 in the first quarter of 2017; the adoption did not have a material impact on the Company's financial statements.

Note P - Recent Accounting Pronouncements (continued)

In November 2015, the FASB issued Accounting Standards Update 2015-17 ("ASU 2015-17"), "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." ASU 2015-17 simplifies current guidance and requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet. The Company adopted the provisions of ASU 2015-17 in the first quarter of 2017 under the retrospective approach and, as such, the Company reclassified $13,985 and $14,342 of deferred taxes from current to non-current on our balance sheets as of December 31, 2016 and March 31, 2016, respectively.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09 ("ASU 2016-09"), "Improvements to Employee Share-Based Payment Accounting," which changes the accounting for certain aspects of share-based payments to employees. The guidance requires the recognition in the income statement of the income tax effects of vested or settled awards. Further, the guidance requires that the recognition of anticipated tax windfalls/shortfalls be excluded in the calculation of assumed proceeds when applying the treasury stock method. The guidance also allows for the employer to repurchase more of an employee's shares for tax withholding purposes and not classify the award as a liability that requires valuation on a mark-to-market basis. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The guidance is effective in 2017 with early adoption permitted. The Company elected to adopt the provisions of ASU 2016-09 in the third quarter of 2016. According to the provisions of ASU 2016-09, if an entity adopts the provisions early, all adjustments should be reflected as of the beginning of the fiscal year of adoption. As a result of the adoption of this guidance in 2016, the Company recognized a tax benefit in the Consolidated Statements of Income of $3,697 for the quarter ended March 31, 2016, which represented a $0.06 increase to diluted net income attributable to Steven Madden, Ltd. per common share. Lastly, the Company elected to not change its accounting policy to account for forfeitures as they occur and, as a result, the Company will continue to estimate forfeitures.

Not Yet Adopted

In March 2017, the FASB issued Accounting Standards Update 2017-08 ("ASU 2017-08"), "Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities." ASU 2017-08 will amend the amortization period for certain purchased callable debt securities held at a premium. Under current GAAP, entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. ASU 2017-08 will shorten the amortization period for the premium to the earliest call date. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures.

In January 2017, the FASB issued Accounting Standards Update 2017-04 ("ASU 2017-04"), "Simplifying the Test for Goodwill Impairment." ASU 2017-04 changes the methodology of applying the quantitative approach during interim or annual impairment testing. The guidance is effective in fiscal years beginning after December 15, 2020. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures.

In August 2016, the FASB issued Accounting Standards Update 2016-15 ("ASU 2016-15"), "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 clarifies how certain cash receipts and payments should be presented in the statement of cash flows. The guidance is effective in 2018 with early adoption permitted. We are currently evaluating the timing of adoption of this guidance, however, the guidance is not expected to have a material impact on our financial statements.

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

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 ("ASU 2016-02"), "Leases," which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018 with early adoption permitted. Under ASU 2016-02, lessees will be required to recognize for all leases, at the commencement date of the lease, a lease liability, which is a lessee's obligation to make lease payments arising from a lease measured on a discounted basis, and a right-to-use asset, which is

Note P - Recent Accounting Pronouncements (continued)

an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures and, while we have not completed the analysis, we expect it will have a material impact on our financial statements.

In January 2016, the FASB issued Accounting Standards Update 2016-01 ("ASU 2016-01"), "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01 generally requires companies to measure investments in equity securities, except those accounted for under the equity method, at fair value and recognize any changes in fair value in net income. The new guidance must be applied using a modified-retrospective approach and is effective for periods beginning after December 15, 2017 and early adoption is not permitted. The Company is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures.

In May 2014, the FASB issued new accounting guidance, Accounting Standards Update No. 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers," on revenue recognition. The new standard provides for a single five-step model to be applied to all revenue contracts with customers as well as requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted, but not before the original effective date of the standard. The Company plans to adopt the provisions of the new standard in the first quarter of 2018. The Company has not yet determined which approach will be implemented and is currently evaluating the effect that the new guidance will have on its financial statements and related disclosures; however, at the current time the Company does not expect the adoption to have a material impact on its consolidated financial statements.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

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

This Quarterly Report contains certain "forward-looking statements" as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally, forward-looking statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may", "will", "expect", "believe", "anticipate", "project", "plan", "intend", "estimate", and "continue", and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, that may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in our Annual Report on Form 10-K for the year ended December 31, 2016. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

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

Steven Madden, Ltd. and its subsidiaries (collectively, the “Company”) design, source, market and sell fashion-forward name brand and private label footwear for women, men and children and name brand and private label fashion handbags and accessories. We also license our trademarks for use in connection with the manufacture, marketing and sale of various products to our licensees. Our products are marketed through our retail stores and our e-commerce websites, as well as better department stores, major department stores, mid-tier department stores, specialty stores, luxury retailers, value priced retailers, national chains, mass market merchants and catalog retailers throughout the United States, Canada and Mexico as well as Albania, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Kosovo, Lithuania, Latvia, Luxembourg, the Netherlands, Norway, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Sweden, Switzerland, and Tunisia. In addition, we have special distribution arrangements for the marketing and sale of our products in various other territories within Asia, Australia, Europe, India, the Middle East, South and Central America and New Zealand. We offer a broad range of updated styles designed to establish or complement and capitalize on market trends. We have established a reputation for design creativity and our ability to offer quality products in popular styles at affordable prices, delivered in an efficient manner and time frame.

On January 30, 2017, the Company acquired all of the outstanding capital stock of Schwartz & Benjamin, Inc., B.D.S., Inc., Quinby Ridge Enterprises LLC and DANIELBARBARA Enterprises LLC (together, "Schwartz & Benjamin"). Founded in 1923, Schwartz & Benjamin specializes in the design, sourcing and sale of licensed and private label footwear and distributes its fashion footwear to wholesale customers, including better department stores and specialty boutiques, as well as the retail stores of its brand partners. The total purchase price for the acquisition was approximately $40,446, which is subject to a working capital adjustment. The total purchase price includes a cash payment at closing of $17,396, plus potential earn-out payments based on the achievement of certain earnings targets for each of the twelve month periods ending on January 31, 2018 through 2023, inclusive. The fair value of the contingent payments was estimated using the present value of management's projections of the financial results of Schwartz & Benjamin during the earn-out period. At March 31, 2017, the Company estimated the fair value of the contingent consideration to be $23,050.

Key Performance Indicators and Statistics

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

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

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

Non-GAAP Measures

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

The table below reconciles these metrics to net income as presented in the condensed consolidated statements of income.

	Year-To-Date Period Ended ($ in thousands)		
	March 31, 2017	December 31, 2016	March 31, 2016
Net Income	$ 20,522	$ 121,274	$ 23,896
Add back:			
Provision for income taxes	10,942	49,726	5,808
Bad debt expense from bankruptcy	7,500	—	—
Schwartz & Benjamin inventory fair value adjustment	1,240	—	—
Deduct:			
Other Income (Loss)*	19	(664)	(779)
Interest, net	665	2,488	603
Adjusted EBIT	39,520	169,176	29,880
Add back:			
Depreciation and amortization	4,913	19,868	4,893
Loss on disposal of fixed assets	930	652	—
Adjusted EBITDA	$ 45,363	$ 189,696	$ 34,773

(*) Consists of realized (losses) gains on marketable securities and foreign exchange (losses) gains.

Executive Summary

Net sales for the quarter ended March 31, 2017 increased 11.2% to $366,387 from $329,357 in the same period of last year. Net income attributable to Steven Madden, Ltd. decreased 14.8% to $20,158 in the first quarter of 2017 compared to $23,659 in the same period of last year. The effective tax rate for the first quarter of 2017 increased to 34.8% compared to 19.6% in the first quarter of last year primarily due to a benefit of $3,697 in the prior year resulting from the exercising and vesting of share based awards and a shift in profitability due to the Payless ShoeSource bankruptcy to jurisdictions with higher tax rates in the first quarter of the current year. Diluted earnings per share decreased to $0.35 per share on 58,203 diluted weighted average shares outstanding compared to $0.39 per share on 60,253 diluted weighted average shares outstanding in the first quarter of last year.

Our inventory turnover (calculated on a trailing twelve-month average) for the quarter ended March 31, 2017 and 2016 was 8.1 times and 8.6 times, respectively. Our total company accounts receivable average collection decreased to 56 days in the first quarter of 2017 compared to 61 days in the first quarter of 2016. As of March 31, 2017, we had $193,241 in cash, cash equivalents and marketable securities, no long-term debt and total stockholders’ equity of $738,822. Working capital increased to $357,081 as of March 31, 2017, compared to $292,198 on March 31, 2016.

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

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

	2017		2016	
CONSOLIDATED:				
Net sales	**$ 366,387**	**100.0 %**	$ 329,357	100.0 %
Cost of sales	**233,669**	**63.8 %**	213,155	64.7 %
Gross profit	**132,718**	**36.2 %**	116,202	35.3 %
Commission and licensing fee income – net of expenses	**3,927**	**1.1 %**	2,171	0.7 %
Operating expenses	**105,865**	**28.9 %**	88,493	26.9 %
Income from operations	**30,780**	**8.4 %**	29,880	9.1 %
Interest and other income (expense) – net	**684**	**0.2 %**	(176)	(0.1)%
Income before income taxes	**31,464**	**8.6 %**	29,704	9.0 %
Net income attributable to Steven Madden, Ltd.	**20,158**	**5.5 %**	23,659	7.2 %
By Segment:				
WHOLESALE FOOTWEAR SEGMENT:				
Net sales	**$ 261,364**	**100.0 %**	$ 228,920	100.0 %
Cost of sales	**175,916**	**67.3 %**	157,998	69.0 %
Gross profit	**85,448**	**32.7 %**	70,922	31.0 %
Operating expenses	**54,753**	**20.9 %**	41,992	18.3 %
Income from operations	**30,695**	**11.7 %**	28,930	12.6 %
WHOLESALE ACCESSORIES SEGMENT:				
Net sales	**$ 51,952**	**100.0 %**	$ 46,879	100.0 %
Cost of sales	**35,839**	**69.0 %**	31,674	67.6 %
Gross profit	**16,113**	**31.0 %**	15,205	32.4 %
Operating expenses	**13,743**	**26.5 %**	13,291	28.4 %
Income from operations	**2,370**	**4.6 %**	1,914	4.1 %
RETAIL SEGMENT:				
Net sales	**$ 53,071**	**100.0 %**	$ 53,558	100.0 %
Cost of sales	**21,914**	**41.3 %**	23,483	43.8 %
Gross profit	**31,157**	**58.7 %**	30,075	56.2 %
Operating expenses	**37,369**	**70.4 %**	33,210	62.0 %
Loss from operations	**(6,212)**	**(11.7)%**	(3,135)	(5.9)%
Number of stores	**190**		171	
FIRST COST SEGMENT:				
Other commission income – net of expenses	**$ 1,533**	**100.0 %**	$ 585	100.0 %
LICENSING SEGMENT:				
Licensing income – net of expenses	**$ 2,394**	**100.0 %**	$ 1,586	100.0 %

RESULTS OF OPERATIONS
($ in thousands)

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

Consolidated:

Net sales for the three months ended March 31, 2017 increased 11.2% to $366,387 compared to $329,357 in the same period of last year. Net sales in the current year period included $14,119 of sales related to our Schwartz & Benjamin acquisition. Excluding the impact of the Schwartz & Benjamin acquisition, net sales increased 7.0%. Gross margin increased to 36.2% from 35.3% in the prior year period due to improvements in the Wholesale Footwear and Retail segments. Excluding the impact of the Schwartz & Benjamin acquisition acquired in January 2017, which included a non-cash expense of $1,240 associated with the purchase accounting fair value adjustment of inventory acquired, gross margin increased to 36.9% in the current year period. Operating expenses increased in the first quarter of this year to $105,865 from $88,493 in the first quarter of last year primarily due to a one-time charge of $7,500 related to bad debt expense in connection with the Payless ShoeSource bankruptcy filing in April 2017 and the impact of our Schwartz & Benjamin acquisition. Excluding the one-time expense related to the Payless ShoeSource bankruptcy and the impact of the Schwartz & Benjamin acquisition, operating expenses as a percentage of sales were 26.8% for the first quarter of 2017 compared to 26.9% in the first quarter of 2016. Commission and licensing fee income for the first quarter of 2017 increased to $3,927 compared to $2,171 achieved in the first quarter of 2016. The effective tax rate for the first quarter of 2017 increased to 34.8% compared to 19.6% in the first quarter of last year. The increase is primarily due to a benefit of $3,697 in the prior year resulting from the exercising and vesting of share based awards and a shift in profitability due to the Payless ShoeSource bankruptcy to jurisdictions with higher tax rates in the first quarter of the current year. Net income attributable to Steven Madden, Ltd. for the first quarter of 2017 decreased to $20,158 compared to net income for the first quarter of 2016 of $23,659. Excluding one-time expenses related to the Payless ShoeSource bankruptcy and the impact of the Schwartz & Benjamin acquisition, net income attributable to Steven Madden, Ltd. for the first quarter of 2017 increased to $27,138.

Wholesale Footwear Segment:

Net sales from the Wholesale Footwear segment accounted for $261,364, or 71.3%, and $228,920, or 69.5%, of our total net sales for the first quarter of 2017 and 2016, respectively. Included in the first quarter of 2017 are net sales of $14,119 related to our Schwartz & Benjamin acquisition. Excluding net sales related to the Schwartz & Benjamin acquisition, net sales increased 8.0%. The increase in net sales is primarily related to strong growth in our branded business primarily driven by our core Steve Madden Women's brand, as well as our Madden Girl and Report brands.

Gross profit margin in the Wholesale Footwear segment was 32.7% for the first quarter of 2017 compared to 31.0% for the first quarter of 2016. Excluding the impact from the Schwartz & Benjamin acquisition, gross profit margin was 33.4%. The increase in gross profit margin resulted from sales mix coupled with on-trend product assortment. Operating expenses increased to $54,753 in the first quarter of 2017 from $41,992 in the same period of last year. Operating expenses in the current year period included a one-time charge of $7,500 related to bad debt expense in connection with the Payless ShoeSource bankruptcy filing as well as $4,034 due to the impact of the Schwartz & Benjamin acquisition. Excluding the one-time charge related to bad debt expense in connection with the Payless ShoeSource bankruptcy and the impact of the Schwartz & Benjamin acquisition, operating expenses as a percentage of net sales decreased to 17.5% in the first quarter of 2017 compared to 18.3% in the same period of 2016.

Wholesale Accessories Segment:

Net sales generated by the Wholesale Accessories segment accounted for $51,952, or 14.2%, and $46,879, or 14.2%, of total net sales for the Company in the first quarter of 2017 and 2016, respectively. The increase in net sales is attributable to growth in our handbag business, primarily Steve Madden and Betsey Johnson handbags, and also our private label handbags.

Gross profit margin in the Wholesale Accessories segment decreased to 31.0% in the first quarter of this year from 32.4% in the same period in 2016, primarily due to lower margins in our fashion accessories business as well as a sales mix shift. In the first quarter of 2017, operating expenses increased to $13,743 compared to $13,291 in the same period of last year. As a percentage of net sales, operating expenses decreased to 26.5% in the first quarter of 2017 compared to 28.4% in the same period of 2016, primarily due to leverage on the increase in net sales. Income from operations for the Wholesale Accessories segment increased 23.8% to $2,370 for the first quarter of 2017 compared to $1,914 for the same period of last year.

Retail Segment:

In the first quarter of 2017, net sales from the Retail segment accounted for $53,071, or 14.5%, of our total net sales compared to $53,558, or 16.3%, of our total net sales in the same period last year, which represents a $487, or 0.9%, decrease. The decrease in net sales reflects a 6.0% decrease in comparable store sales, partially offset by the net addition of 19 new stores from the prior year period. We added 21 new stores and closed two stores during the twelve months ended March 31, 2017. As a result, we had 190 retail stores as of March 31, 2017 compared to 171 stores as of March 31, 2016. The 190 stores currently in operation include 127 Steve Madden® stores, 53 Steve Madden® outlet stores, three Steven® stores, one Superga® store, one multi-branded SHOO store and four e-commerce websites. Comparable store sales (sales of those stores, including the e-commerce websites, that were open throughout the first quarter of 2017 and 2016) decreased 6.0% on a constant currency basis when compared to the prior year period. The Company excludes new locations from the comparable store base for the first twelve months of operations. Stores that are closed for renovations are removed from the comparable store base. In the first quarter of 2017, gross margin increased to 58.7% from 56.2% in the same period of 2016 primarily due to lower promotional activity in the current quarter. In the first quarter of 2017, operating expenses increased to $37,369, or 70.4% of net sales, compared to $33,210, or 62.0% of net sales, in the first quarter of last year primarily due to the net increase of new store openings as well as costs related to our new point of sale system. The increase as a percentage of net sales was primarily caused by the decrease in comparable store sales. Losses from operations for the Retail segment were $6,212 in the first quarter of this year compared to losses of $3,135 in the same period of last year.

First Cost Segment:

The First Cost segment, which includes net commission income and fees, increased to $1,533 for the first quarter of 2017 compared to $585 for the comparable period of 2016 due to increases in business with certain private label footwear customers.

Licensing Segment:

Net licensing income increased to $2,394 for the first quarter of 2017 compared to $1,586 for the comparable period of 2016 primarily due to increases in royalties received in connection with the licensing of our Steve Madden trademark.

LIQUIDITY AND CAPITAL RESOURCES

($ in thousands)

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

Cash, cash equivalents and short-term investments totaled $139,943 and $165,610 at March 31, 2017 and December 31, 2016, respectively. Of the total cash, cash equivalents and short-term investments at March 31, 2017, $78,080, or approximately 56%, was held in our foreign subsidiaries and of the total cash, cash equivalents and short-term investments at December 31, 2016, $70,450, or approximately 43%, was held in our foreign subsidiaries. To date, deferred taxes have been estimated and accrued for foreign subsidiary earnings that have not been determined to be indefinitely reinvested. As of March 31, 2017, the cumulative total amount of earnings considered to be indefinitely reinvested of our foreign subsidiaries was $134,249. If such amounts were not indefinitely reinvested, the Company would incur approximately $26,615 in cumulative taxes that were not previously provided for. Management believes that our existing domestic and international cash, cash equivalents, short-term investments and cash flows from operations, which are not considered to be indefinitely reinvested, continue to be sufficient to fund our operating activities. Therefore, we do not intend, nor do we foresee a need, to repatriate foreign earnings of $134,249 as of March 31, 2017, that were considered to be indefinitely reinvested and we do not believe there are any material implications or restrictions on our liquidity as a result of having a significant portion of our cash, cash equivalents and short-term investments held by our foreign subsidiaries.

The Company has a collection agency agreement with Rosenthal & Rosenthal, Inc. (“Rosenthal”). The agreement can be terminated by the Company or Rosenthal at any time upon 60 days' prior written notice. Under the agreement, the Company can request advances from Rosenthal of up to 85% of the aggregate receivables submitted to Rosenthal. The agreement provides the Company with a $30,000 credit facility with a $15,000 sub-limit for letters of credit at an interest rate based, at the Company’s election, upon a calculation that utilizes either the prime rate or LIBOR. The Company also pays Rosenthal a fee based on a percentage of the gross invoice amount submitted to Rosenthal. With respect to receivables related to our First Cost segment and private label business, the fee is 0.14% of the gross invoice amount. For all other receivables, the fee is 0.20% of the gross invoice amount. Rosenthal assumes the credit risk on a substantial portion of the receivables that the Company submits to it. To the extent of any loans made to the Company, Rosenthal maintains a lien on the Company's receivables to secure the Company's obligations.

As of March 31, 2017, we had working capital of $357,081, cash and cash equivalents of $94,261 and investments in marketable securities of $98,980.

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

OPERATING ACTIVITIES
($ in thousands)

Cash provided by operations was $8,513 for the three months of 2017 compared to cash provided by operations of $15,245 in the same period of last year. The primary sources of cash were net income of $20,522, as well as decreases in inventories and accounts receivable. These cash sources were partially offset by uses of cash related to an increase in factor accounts receivable and a decrease in accounts payable and accrued expenses.

INVESTING ACTIVITIES
($ in thousands)

During the three months ended March 31, 2017, we invested $5,301 in marketable securities and received $16,593 from the maturities and sales of marketable securities. We also made capital expenditures of $3,293, principally for improvements to existing stores, systems enhancements, new stores and leasehold improvements to office space. Lastly, we made a payment in the amount of $17,396 for the acquisition of Schwartz & Benjamin.

FINANCING ACTIVITIES
($ in thousands)

During the three months ended March 31, 2017, net cash used for financing activities was $31,349, which consisted of the repurchase of shares of common stock for an aggregate purchase price of approximately $33,161 (see Note H to the Condensed Consolidated Financial Statements contained in this Quarterly Report) partially offset by proceeds from the exercise of stock options of $1,812.

CONTRACTUAL OBLIGATIONS
($ in thousands)

Our contractual obligations as of March 31, 2017 were as follows:

		Payment due by period			
Contractual Obligations	**Total**	**Remainder of 2017**	**2018-2019**	**2020-2021**	**2022 and after**
Operating lease obligations	$ 257,328	$ 32,218	$ 78,447	$ 66,821	$ 79,842
Purchase obligations	199,824	199,824	—	—	—
Contingent payment liabilities	31,830	8,780	4,266	6,118	12,666
Other long-term liabilities (future minimum royalty payments)	6,203	1,203	2,000	2,000	1,000
Total	$ 495,185	$ 242,025	$ 84,713	$ 74,939	$ 93,508

At March 31, 2017, we had no open letters of credit.

On January 3, 2012, the Company and its Creative and Design Chief, Steven Madden, entered into an amendment, dated as of December 31, 2011, to Mr. Madden's then existing employment agreement with the Company. The amended agreement, which extends the term of Mr. Madden's employment through December 31, 2023, provides to Mr. Madden a base salary of approximately

$7,026 per annum for the period between January 1, 2016 through the expiration of the employment agreement on December 31, 2023.

The Company has employment agreements with certain executive officers, which provide for the payment of compensation aggregating approximately $2,770 in the remainder of 2017, $3,217 in 2018, $1,978 in 2019 and $148 in 2020. In addition, some of these employment agreements provide for discretionary bonuses and some provide for incentive compensation based on various performance criteria as well as other benefits including stock options.

In connection with our acquisition of Steve Madden Canada Inc., Steve Madden Retail Canada Inc., Pasa Agency Inc. and Gelati Imports Inc. (collectively, "SM Canada") on February 21, 2012, we are subject to potential earn-out payments to the seller of SM Canada based on the annual performance of SM Canada for each of the twelve-month periods ending on March 31, 2013 through 2017, inclusive. We made the fourth earn-out payment of $2,798, based on the performance of SM Canada during the twelve-month period ended on March 31, 2016, to the seller of SM Canada during the second quarter of 2016. The final earn-out payment for the twelve-month period ended on March 31, 2017 will be payable in the second quarter of 2017.

In connection with our acquisition of all of the outstanding capital stock of Trendy Imports S.A. de C.V., Comercial Diecisiette S.A. de C.V. and Maximus Designer Shoes S.A. de C.V. (together, "SM Mexico") on December 30, 2014, we are subject to potential earn-out payments to the seller of SM Mexico based on the annual performance of SM Mexico for each of the twelve-month periods ending on December 31, 2015 and 2016. The first earn-out payment of $3,482 was made in the first quarter of 2016 and the final earn-out payment will be payable in the second quarter of 2017.

In connection with our acquisition of Schwartz & Benjamin on January 30, 2017, we are subject to potential earn-out payments to the sellers of Schwartz & Benjamin based on the annual performance of Schwartz & Benjamin for each of the twelve-month periods ending on January 31, 2018 through 2023.

Virtually all of our products are manufactured at overseas locations, the majority of which are located in China, with a small but growing percentage located in Mexico in addition to smaller amounts produced in Brazil, Italy and India. We have not entered into any long-term manufacturing or supply contracts with any of these foreign manufacturers. We believe that a sufficient number of alternative sources exist outside of the United States for the manufacture of our products. Purchases are made primarily in United States dollars.

INFLATION

We do not believe that inflation had a significant effect on our sales or profitability in the three months ended March 31, 2017. Historically, we have minimized the impact of product cost increases by increasing prices, changing suppliers and by improving operating efficiencies. However, no assurance can be given that we will be able to offset any such inflationary cost increases in the future.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. Estimates by their nature are based on judgments and available information. Our estimates are made based upon historical factors, current circumstances and the experience and judgment of management. Assumptions and estimates are evaluated on an ongoing basis and we may employ outside experts to assist in evaluations. Therefore, actual results could materially differ from those estimates under different assumptions and conditions. Management believes the following critical accounting estimates are more significantly affected by judgments and estimates used in the preparation of our Condensed Consolidated Financial Statements: allowance for bad debts, returns, and customer chargebacks; inventory valuation; valuation of intangible assets; litigation reserves; and contingent payment liabilities. Further, the policies currently utilized are constantly applied with prior periods.

Allowances for bad debts, returns and customer chargebacks. We provide reserves against our trade accounts receivables for future customer chargebacks, co-op advertising allowances, discounts, returns and other miscellaneous deductions that relate to the current period. The reserve against our non-factored trade receivables also includes estimated losses that may result from customers' inability to pay. The amount of the reserve for bad debts, returns, discounts and compliance chargebacks are determined by analyzing aged receivables, current economic conditions, the prevailing retail environment and historical dilution levels for customers. We evaluate anticipated customer markdowns and advertising chargebacks by reviewing several performance indicators for our major customers. These performance indicators (which include inventory levels at the retail floors, sell through rates and gross margin levels) are analyzed by management to estimate the amount of the anticipated customer allowance. Failure to correctly estimate the amount of the reserve could materially impact our results of operations and financial position.

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

Valuation of intangible assets and goodwill. Accounting Standards Codification ("ASC") Topic 350, "Intangible – Goodwill and Other", requires that goodwill and intangible assets with indefinite lives not be amortized, but rather be tested for impairment at least annually. This pronouncement also requires that intangible assets with finite lives be amortized over their respective lives to their estimated residual values, and reviewed for impairment in accordance with ASC Topic 360, "Property, Plant and Equipment" ("ASC Topic 360").

Indefinite-lived intangible assets and goodwill are assessed for impairment using either a qualitative or quantitative approach. We perform this annual assessment during our third quarter. Where we use the qualitative assessment, first we determine if, based on qualitative factors, it is more likely than not that an impairment exists. Factors considered include historical financial performance, macroeconomic and industry conditions and legal and regulatory environment. If the qualitative assessment indicates that it is more likely than not that an impairment exists, then a quantitative assessment is performed. The quantitative assessment requires an analysis of several estimates including future cash flows or income consistent with management's strategic business plans, annual sales growth rates and the selection of assumptions underlying a discount rate (weighted average cost of capital) based on market data available at the time.

In accordance with ASC Topic 360, long-lived assets, such as property, equipment, leasehold improvements and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

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

Contingent payment liabilities. Since February 2012, the Company has completed five acquisitions, three of which continue to require the Company to potentially make earn-out payments to the sellers of the acquired businesses based on the future financial performance of the acquired businesses over a period of from one to six years. The fair value of the contingent payments was estimated using the present value of management's projections of the financial results of the acquired businesses. Failure to correctly project the financial results of the acquired businesses could materially impact our results of operations and financial position.

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

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

As of March 31, 2017, we held marketable securities valued at $98,980, which consist primarily of certificates of deposit and corporate bonds. The values of these securities may fluctuate as a result of changes in equity values, market interest rates and credit risk. We have the ability to hold these investments until maturity. In addition, any decline in interest rates would be expected to reduce our interest income.

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

In the first quarter of 2017, the Company entered into forward foreign exchange contracts. We performed a sensitivity analysis based on a model that measures the impact of a hypothetical change in foreign currency exchange rate to determine the effects that market risk exposures may have on the fair values of our forward foreign exchange contracts that were outstanding as of the quarter ended March 31, 2017. As of March 31, 2017, a 10% appreciation or depreciation of the U.S. dollar against the exchange rates for foreign currencies under forward foreign exchange contracts would result in a net increase or decrease, respectively, in the fair value of our derivatives portfolio of approximately $1.

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

ITEM 4. CONTROLS AND PROCEDURES

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

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal controls over financial reporting to determine whether any changes occurred during the quarter covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this Quarterly Report.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain specific legal proceedings in which the Company is involved is contained in Part 1, Item 3, and in Note N to the notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. Unless otherwise indicated in this report, all proceedings discussed in the earlier reports which are not indicated therein as having been concluded, remain outstanding as of March 31, 2017.

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

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

The following table presents the total number of shares of the Company's common stock, $.0001 par value, purchased by the Company in the three months ended March 31, 2017, the average price paid per share and the approximate dollar value of shares that still could have been purchased at the end of the fiscal period, pursuant to the Company's Share Repurchase Program. See also Note H to the Condensed Consolidated Financial Statements. During the three months ended March 31, 2017, there were no sales by the Company of unregistered shares of the Company's common stock.

Period	Total Number of Shares Purchased	Average Price Paid per Share		Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Dollar Amount of Shares that May Yet Be Purchased Under the Plans or Programs	
1/1/2017 - 1/31/2017	314,402	$	35.73	305,392	$	106,474
2/1/2017 - 2/28/2017	267,886	$	35.51	267,543	$	96,975
3/1/2017 - 3/31/2017	329,762	$	37.65	294,160	$	85,882
Total	912,050	$	36.36	867,095	$	85,882

ITEM 6. EXHIBITS

10.1	Employment Agreement dated April 11, 2017 between the Company and Karla Frieders †#
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	The following materials from Steven Madden, Ltd.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 , formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text*

† Filed herewith.

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

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

Signatures

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

DATE: May 9, 2017

STEVEN MADDEN, LTD.

/s/ EDWARD R. ROSENFELD
Edward R. Rosenfeld
Chairman and Chief Executive Officer

/s/ ARVIND DHARIA
Arvind Dharia
Chief Financial Officer and Chief Accounting Officer

Exhibit Index

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STEVE MADDEN
Steven Madden, Ltd., 52-16 Barnett Ave. Long Island City, N.Y. 11104 Phone: 718.446.1800 Fax 718.446.5599

April 11, 2017

Dear Ms. Frieders:

This letter will set forth below the terms and conditions of your employment with Steven Madden, Ltd. (the “Company”):

1. Term of Agreement. April 11, 2017 through April 30, 2020, unless sooner terminated in accordance with Paragraph 6 of this Agreement.

2. Position. Chief Merchandising Officer.

3. Salary. $550,000 per annum (paid in accordance with normal Company practice) from April 11, 2017 through April 30, 2018; $570,000 per annum (paid in accordance with normal Company practice) from May 1, 2018 through April 30, 2019; and $590,000 per annum (paid in accordance with normal Company practice) from May 1, 2019 through April 30, 2020.

4. Discretionary Bonus. You shall be eligible to receive a performance bonus for each of 2017, 2018 and 2019 in an amount to be determined by the Company in its absolute discretion. Such bonuses (net of any deductions required to be withheld by any applicable laws and regulations) shall be payable on or about March 15th of the following year.

5. Restricted Stock. On April 11, 2017, you shall be granted 20,000 shares of restricted stock. The shares shall vest 20% on April 1, 2018, 20% on April 1, 2019, 20% on April 1, 2020, 20% on April 1, 2021 and 20% on April 1, 2022.

6. Termination.

   (a) Involuntary Termination. The Company has the right to terminate your employment, on written notice to you, at any time without Cause (as defined below). In the event the Company terminates your employment without Cause, then the Term shall terminate immediately, and you shall be entitled to receive only Salary payments described in Paragraph 3, at the regular intervals of payment, from the date of termination through the date this Agreement would have otherwise terminated but for the involuntary termination.

   (b) Voluntary Termination by you or Termination for Cause. You shall have the right to terminate your employment at any time for any reason (“Voluntary Termination”) and the Company shall have the right to terminate your employment at any time for Cause, on written notice to you, setting forth in reasonable detail the facts and circumstances resulting in the Cause upon which such termination is based. In the event of a Voluntary Termination or a termination by the Company for Cause, the Term shall terminate immediately and you shall be entitled only to any accrued and unpaid Salary described in Paragraph 3 through the date of termination. For the purpose of this Agreement, Cause shall mean:

      (i) a material breach by you of your material duties or obligations to the Company which is not remedied to the reasonable satisfaction of the Company within ten (10) days after the receipt by you of written notice of such breach from the Company;

      (ii) you are convicted of, or enter a guilty or “no contest” plea with respect to a felony or a crime of moral turpitude (whether or not a felony);

(iii) you have an alcohol or substance abuse problem, which in the reasonable opinion of the Company materially interferes with your ability to perform your duties;

(iv) any act or acts of personal dishonesty, fraud, embezzlement, misappropriation or conversion intended to result in your personal enrichment at the expense of the Company, or any of its subsidiaries or affiliates, or any other material breach or violation of fiduciary duty owed to the Company, or any of its subsidiaries or affiliates;

(v) any grossly negligent act or omission or any willful and deliberate misconduct by you that results, or is likely to result, in material economic, or other harm, to the Company, or any of its subsidiaries or affiliates; or

(vi) you violate or pay fines, suffer sanctions or injunctive relief relating to (whether or not you are found to have violated) any federal or state securities laws, rules or regulations or the rules and regulations of any stock exchange on which the Company is listed or included.

(c) Disability. You shall be considered to be "Disabled" if, in the Company's reasonable opinion after receiving the written report of an independent physician selected by the Company, you are incapable, due to mental or physical disability, of performing the essential functions of your duties for a period of sixty (60) days (whether or not consecutive) during any period of one hundred twenty (120) days. In the event you shall become Disabled during the Term, the Company may terminate your employment and the Term and the Company shall have no further obligation or liabilities to you, except payment of accrued and unpaid Salary described in Paragraph 3 through the date of termination.

(d) Death. In the event of your death, your employment and the Term shall terminate immediately and the Company shall have no further obligation or liabilities to you or your estate except that your estate shall be entitled to receive payment of accrued and unpaid Salary described in Paragraph 3 through the date of termination.

(e) Termination Payment. Provided the Company makes the payments required under this Letter Agreement that are attributable to the termination of your employment, such payments shall be in full and complete satisfaction and release of any and all claims you or your beneficiaries, estate or legal representatives may have against the Company and/or its subsidiaries or affiliates hereunder.

7. Non-Solicitation/Non-Competition Agreement. You recognize that the services to be performed by you hereunder are special and unique. In consideration of the compensation granted herein, you agree that for as long as you are receiving your Salary under this Agreement or, if you are terminated by the Company for Cause or if you quit or resign your position, through April 30, 2020, you shall not, directly or indirectly, anywhere in the United States, whether individually or as a principal officer, employee, partner, member, director or agent of, or consultant for, any person or entity: (i) become employed by, an owner of, or otherwise affiliated with, or furnish services to, any business that competes with the Company, (ii) solicit any business from any customers of the Company, or (iii) hire, offer to hire, entice away, or in any manner persuade or attempt to persuade any employee of the Company to discontinue his/her employment with the Company or any other party that has a business relationship with the Company to discontinue his/her/its business relationship with the Company.

8. Covenant Not to Disclose. You covenant and agree that you will not, to the detriment of the Company, at any time during or after the Term, reveal, divulge or make known to any person (other than (i) to the Company, or (ii) in the regular course of business of the Company) or use for your own account any confidential or proprietary

records, data, processes, ideas, methods, devices, business concepts, inventions, discoveries, know-how, trade secrets or any other confidential or proprietary information whatsoever (the "Confidential Information") previously possessed or used by the Company or any of its subsidiaries or affiliates, (whether or not developed, devised or otherwise created in whole or in part by your efforts) and made known to you by reason of your employment by or affiliation with the Company. You further covenant and agree that you shall retain all such knowledge and information which you shall acquire or develop respecting such Confidential Information in trust for the sole benefit of the Company and its successors and assigns. Additionally, you agree that all right, title and interest in and to any discoveries, processes, ideas, methods and/or business concepts that you develop during the Term relating to the business of the Company are, and shall remain the property of the Company, and you hereby assign to the Company any right, title and interest you might otherwise claim therein.

9. Business Materials, Covenant to Report. All written materials, records and documents made by you or coming into your possession concerning the business or affairs of the Company shall be the sole property of the Company and, upon the termination of your employment with the Company or upon the request of the Company at any time, you shall promptly deliver the same to the Company and shall retain no copies thereof. You agree to render to the Company such reports of your activities or activities of others under your direction during the Term as the Company may request.

10. Governing Law; Injunctive Relief.

10.1 The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of New York, excluding choice of law rules thereof.

10.2 You acknowledge and agree that, in the event you shall violate any of the restrictions of Paragraphs 7, 8 or 9 hereof, the Company will be without an adequate remedy at law and will therefore be entitled to enforce such restrictions by temporary or permanent injunctive or mandatory relief in any court of competent jurisdiction without the necessity of proving damages or posting a bond or other security, and without prejudice to any other remedies which it may have at law or in equity. Each of you and the Company acknowledges and agrees that, in addition to any other state having proper jurisdiction, any such relief may be sought in, and for such purpose each of you and the Company consents to the jurisdiction of, the courts of the State of New York.

11. Assignment. This Agreement, as it relates to your employment, is a personal contract and your rights and interests hereunder may not be sold, transferred, assigned, pledged or hypothecated.

12. Notices. Any and all notices or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Agreement shall be deemed to have been duly given or made for all purposes when hand delivered or sent by certified or registered mail, return receipt requested and postage prepaid, overnight mail or courier, or facsimile, addressed, if to the Company, at the Company's offices, Attn: CEO, and if to you, at the address of your personal residence as maintained in the Company's records, or at such other address as any party shall designate by notice to the other party given in accordance with this Paragraph 12.

13. Entire Agreement. This Agreement represents the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, supersedes all prior agreements between such parties with respect to the subject matter hereof, and cannot be amended, supplemented or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any such amendment, supplement or modification is sought.

14. Execution in Counterparts; Signatures; Severability. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Facsimile or electronic mail signatures hereon shall constitute original signatures. If any provisions of this Agreement as applied to any part or to any circumstance shall be adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of such provision in any other circumstances or the validity or enforceability of this Agreement.

15. Representation by Counsel; Interpretation. Each party acknowledges that it has been represented by counsel or has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule or law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived by such parties. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties hereto.

Signature: By: /s/ EDWARD R. ROSENFELD
Edward R. Rosenfeld, CEO

Counter-signature: /s/ KARLA FRIEDERS
Karla Frieders

Exhibit 31.1

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

I, Edward R. Rosenfeld, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Steven Madden, Ltd.;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ EDWARD R. ROSENFELD

Edward R. Rosenfeld
Chairman and Chief Executive Officer
May 9, 2017

Exhibit 31.2

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

I, Arvind Dharia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Steven Madden, Ltd.;

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

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

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer and Chief Accounting Officer
May 9, 2017

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Steven Madden, Ltd. (the “Company”) on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edward R. Rosenfeld, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ EDWARD R. ROSENFELD

Edward R. Rosenfeld
Chairman and Chief Executive Officer
May 9, 2017

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Steven Madden, Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arvind Dharia, Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer and Chief Accounting Officer
May 9, 2017