

SCHEDULE 14A
(RULE 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:
 Preliminary Proxy Statement
 Confidential, For Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Under Rule 14a-12

STEVEN MADDEN, LTD.

(Name of Registrant as Specified in Its Charter)

BARINGTON CAPITAL GROUP, L.P.
BARINGTON COMPANIES INVESTORS, LLC
JAMES MITAROTONDA
BARINGTON COMPANIES OFFSHORE FUND, LTD. (BVI),
BARINGTON COMPANIES ADVISORS, LLC
BARINGTON COMPANIES EQUITY PARTNERS, L.P.
LNA CAPITAL CORP.
PARCHE, LLC
STARBOARD VALUE & OPPORTUNITY FUND, LLC
ADMIRAL ADVISORS, LLC
RAMIUS CAPITAL GROUP, LLC
C4S & CO., LLC
PETER A. COHEN
MORGAN B. STARK
JEFFREY M. SOLOMON
THOMAS W. STRAUSS
RJG CAPITAL PARTNERS, LP
RJG CAPITAL MANAGEMENT, LLC
RONALD GROSS

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Not applicable

(2) Aggregate number of securities to which transaction applies: Not applicable

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): Not applicable

(4) Proposed maximum aggregate value of transaction: Not applicable

(5) Total fee paid: Not applicable

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid: Not applicable

(2) Form, Schedule or Registration Statement No.: Not applicable

(3) Filing Party: Not applicable

Barington Capital Group, L.P. ("Barington"), together with the other participants named herein, is filing materials contained in this Schedule 14A with the Securities and Exchange Commission in connection with a possible preliminary filing with the SEC of a proxy statement and an accompanying WHITE proxy card to be used to solicit votes for the election of their nominees at the 2005 annual meeting of stockholders of Steven Madden, Ltd., a Delaware corporation (the "Company"), which has not yet been scheduled.

Item 1: On December 13, 2004, Barington issued the following press release announcing that it has sent a letter to the outside directors of the Company.

FOR IMMEDIATE RELEASE
December 13, 2004

CONTACT:
Ellen Barry / Robin Gilliland
Brunswick Group
(212) 333-3810

BARINGTON CAPITAL GROUP SENDS
LETTER TO OUTSIDE DIRECTORS OF STEVEN MADDEN, LTD.

CALLS FOR THE BOARD TO REPLACE CEO JAMIESON KARSON AND TO
MAKE OTHER CHANGES TO ENHANCE SHAREHOLDER VALUE

New York, New York, December 13, 2004 - Barington Capital Group, L.P., on behalf of a group of investors which includes Barington Companies Equity Partners, L.P., Starboard Value & Opportunity Fund, LLC and Parche, LLC, sent a letter today to the outside directors of Steven Madden, Ltd. (Nasdaq: SHOO) (the "Company"). In the letter, Barington expressed its disappointment with the Company's performance under the leadership of Jamieson Karson, the Company's Chairman and Chief Executive Officer, and outlined strategic measures to enhance the profitability and share price performance of the Company for the benefit of all its stockholders. The letter was sent to the outside directors of the Company as a result of the continued refusal of Jamieson Karson to listen to the concerns of Barington.

Highlights of the letter include the following observations and recommendations by Barington:

- o The Company needs a more seasoned CEO with relevant management and industry experience. Jamieson Karson, who prior to becoming the Company's CEO practiced law for more than 17 years, lacks public company management experience as well as any meaningful design, sales, marketing or brand development experience in the fashion, footwear or retail industries.
- o The Company should implement a "pay for performance" compensation structure. Among other things, Barington was distressed to observe that in 2003 the Company permitted Mr. Karson to be paid \$250,000 in cash in lieu of granting him options to purchase 100,000 shares of common stock as prescribed by the terms of his employment agreement. Barington questions the message this sends to employees and stockholders with respect to Mr. Karson's beliefs in the prospects of the Company.
- o The Company should immediately and aggressively reduce operating expenses by addressing the Company's excessive compensation and headcount.
- o The Company should critically assess its stable of brands and focus on its core strengths. In order to ensure that management's time is spent working on the Company's main brands and most profitable business lines, the Company should, among other things (i) expand the Steve Madden brand by finding experienced EXTERNAL licensing partners, as has been successfully done by Kenneth Cole Productions, rather than

exploring in-house efforts; (ii) refrain from pursuing acquisitions until the Company's core brands return to historical levels of growth and profitability; (iii) license out the Stevies name to limit the Company's exposure to the extremely competitive children's footwear business; and (iv) acknowledge that Unionbay is a failed venture and end itslicensing agreement.

- o The Company should promptly improve its corporate governance record by terminating the longstanding conflicts of interest and related party transactions that exist at the Board level, appointing an independent Chairman of the Board and scaling back excessive "golden parachute" awards that have been granted to some of the Company's executive officers.
- o The Company should use its excess cash to aggressively buy back stock at current levels and institute an annual cash dividend of \$0.35 per share.
- o The Company should moderate its issuance of stock options to a level more in line with its peer companies.

While Barington believes in the potential of the Company and its portfolio of strong brands, it feels that the Company has suffered from being run with a lack of disciplined operational and financial management. Barington hopes that the outside members of the Board of Directors of Steven Madden, Ltd. will promptly address its concerns and deliver results, not words.

As a large stockholder in Steven Madden, Ltd., Barington is committed to improving shareholder value for the benefit of ALL stockholders of the Company and is available to meet with the outside directors to discuss these matters in greater detail.

A copy of the Barington letter is attached to this press release.

ABOUT BARINGTON CAPITAL GROUP, L.P.

Barington Capital Group, L.P. is an investment management firm that primarily invests in undervalued, small-capitalization companies. Barington and its principals are experienced value-added investors who have taken active roles in assisting management teams in creating or improving shareholder value. Affiliates of Barington Capital Group, Barington Companies Equity Partners, L.P. and Barington Companies Offshore Fund, Ltd., beneficially own 337,472 shares of Steven Madden, Ltd.

ABOUT RAMIUS CAPITAL GROUP, LLC

Ramius Capital Group, LLC is an investment management firm with approximately \$5.3 billion in assets under management. Affiliates of Ramius Capital Group, Starboard Value & Opportunity Fund, LLC and Parche, LLC, beneficially own 659,348 shares of Steven Madden, Ltd.

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BARINGTON CAPITAL GROUP, L.P.
888 SEVENTH AVENUE, 17TH FLOOR
NEW YORK, NEW YORK 10019

December 13, 2004

To the Outside Directors of
Steven Madden, Ltd.
52-16 Barnett Avenue
Long Island City, New York 11104

Gentlemen:

As you are aware, Barington Capital Group, L.P. represents a group of investors that owns an aggregate of 1,005,420 shares, or approximately 7.7 percent of the outstanding common stock of Steven Madden, Ltd. As one of the largest stockholders of the Company, we have been concerned with the performance of the Company under the stewardship of Jamieson Karson, its Chairman and Chief Executive Officer.

We have therefore made numerous requests to meet with Mr. Karson and his

management team in order to understand their vision for the Company and plans to improve its performance. We also wanted to discuss with them our perspective on the Company and present constructive measures that we believe will enhance the profitability and share price performance of the Company for the benefit of all of its stockholders. Unfortunately, each of our requests has been refused by Mr. Karson, who has sought to avoid meeting with us by raising excuses that we view to be nothing more than diversions and smokescreens.

We are disappointed that the Company has chosen to attack us rather than being receptive to our offer of assistance. The stockholders own the Company, not Mr. Karson. We believe that as the Company's most senior employee, he has a duty to listen to the concerns of stockholders. Accordingly, we have no choice but to express our concerns directly to you, the outside directors of the Company.

We have conducted a substantial amount of research and analysis to identify opportunities for the Company in the fashion marketplace as well as ways to improve management and operations. Our conclusion is that while the Steve Madden brand remains strong and the Company has the potential to once again become a growing and highly profitable enterprise, a number of misguided actions taken by the Company's Board and its inexperienced chief executive have significantly weakened the Company over the past few years. As a result, we believe that it is imperative that the Company promptly address the operational, financial and corporate governance issues outlined below.

THE COMPANY NEEDS A CEO WITH MORE EXTENSIVE INDUSTRY AND MANAGEMENT EXPERIENCE.

Prior to becoming the Company's CEO on July 1, 2001, Jamie Karson practiced law for more than 17 years. While Mr. Karson may be a trusted childhood friend of Mr. Steve Madden, he lacks public company management experience as well as any meaningful design, sales, marketing or brand development experience in the fashion, footwear or retail industries.

We seriously question Mr. Karson's ability to lead the Company in its highly competitive industry against larger and more established competitors. It is our belief that the Company's disappointing operating performance is related, in part, to Mr. Karson's lack of industry and management experience. We therefore recommend that the Board immediately commence a search for a more seasoned CEO to lead the Company with relevant industry and management experience.

THE COMPANY SHOULD IMMEDIATELY AND AGGRESSIVELY REDUCE OPERATING EXPENSES.

The Company's operating income margin (excluding extraordinary items) has declined in two of the last three fiscal years. It also declined in the nine months ended September 30, 2004, decreasing a staggering 400 basis points relative to the same period in the prior year. Operating expenses as a percentage of net sales have now increased for four consecutive quarters (relative to the quarter for the prior year). We see multiple areas where the Company can reduce operating expenses, including the following:

- o **COMPENSATION.** We believe that the Company's employee compensation costs are too high, particularly after factoring in bonuses, option awards, restricted stock awards, expense accounts and other compensation. We encourage a review of all employees whose total compensation exceeds \$150,000 to determine whether each highly paid employee's experience and contribution warrants such compensation.
- o **HEADCOUNT.** We believe that the Company has various duplicative and/or excessive positions. For example, it is our understanding that at least one of the smaller brands of the Company has its own Chairman in addition to its own President. We believe that the potential savings from reducing the Company's compensation structure and head count range from \$1.5 to \$5.0 million per annum.

THE COMPANY SHOULD IMPLEMENT A MORE COMPREHENSIVE "PAY FOR PERFORMANCE" COMPENSATION STRUCTURE.

We believe that the Company needs to modify its compensation arrangements in order to implement a more comprehensive "pay for performance" compensation structure. On that note, we are distressed to observe that in 2003 the Company permitted Mr. Karson to be paid \$250,000 in cash in lieu of granting him options to purchase 100,000 shares of common stock as prescribed by the terms of his employment agreement. (The Company's public filings also reveal that Mr. Karson has never purchased shares in the Company with his own money.) What kind of message does this send to employees and stockholders about Mr. Karson's beliefs in the prospects of the Company? It is no wonder that at least two other members of the Company's senior management team also opted to receive cash in lieu of stock options in 2003.

THE COMPANY SHOULD CRITICALLY ASSESS ITS STABLE OF BRANDS AND FOCUS ON ITS CORE STRENGTHS.

We believe that with seven brands and multiple retail concepts (Steve Madden retail stores, the internet store and Shoe Biz), management should avoid the additional distraction of new ventures that it appears ill-prepared to undertake. Management should also discontinue or license out certain businesses in order to ensure that its time is spent working on the Company's main brands and most profitable business lines. We believe that the following areas should be addressed immediately:

- o LICENSING. We believe that the Company should expand the Steve Madden brand by finding experienced, EXTERNAL licensing partners rather than exploring in-house efforts. The opportunity that the Company has missed by failing to fully exploit its brand is clearly highlighted by the success of Kenneth Cole Productions, Inc., which has significantly expanded its licensing revenue largely via external licensing partners. In 1996, Kenneth Cole had licensing revenue of \$3.6 million, roughly comparable to the Company's licensing revenue of \$2.8 million in 2003. Four years later, Kenneth Cole's licensing revenue had grown to \$21.6 million, an increase of roughly 500 percent.
- o ACQUISITIONS. We believe that the Company should not pursue any acquisitions unless and until the Company's core brands have returned to historical levels of growth and profitability.
- o CHILDREN'S FOOTWEAR. We believe that the Company should license out the Stevies name, thereby limiting the Company's exposure to the extremely competitive children's footwear business.
- o UNIONBAY. We believe that the Company should acknowledge that Unionbay is a failed venture and end its license agreement.
- o SHOE BIZ. We believe that the Company should assess the Shoe Biz business in order to determine if it is both a profitable and efficient use of management's time and the Company's capital.

THE COMPANY SHOULD STRENGTHEN ITS SYSTEMS AND LOGISTICS INFRASTRUCTURE.

We believe that the Company's systems are insufficient and should more completely inter-link Steve Madden wholesale operations, Steve Madden retail and internet operations and financial/back office operations. We also believe that the Company needs a comprehensive and rational logistics policy. In our opinion, improving systems and logistics would reduce expenses (e.g., lower manpower, freight and third-party logistics costs) and allow the Company to better manage its inventory. Improved inventory control is particularly important given the inventory problems experienced in the quarter ended September 30, 2004, when inventory increased to \$30.4 million from roughly \$23.0 million for the quarter ended September 30, 2003.

THE COMPANY SHOULD PROMPTLY IMPROVE ITS CORPORATE GOVERNANCE.

In this age of corporate governance awareness and reform, we are shocked that the Board has permitted obvious, longstanding conflicts of interest and related party transactions to exist at the Board level. As there appears to be a need for considerable improvement in the Company's corporate governance record, we encourage the Board to promptly take the following actions:

- o Take all necessary steps to immediately terminate the related party transactions between the Company and its directors. Of the Company's seven directors, one is the CEO, one is the brother of the Company's founder who receives through his wholly-owned company monthly fees of \$16,000 from the Company, and two others are party (either directly or indirectly) to substantial six figure related-party arrangements with the Company. As a result, it appears questionable whether a majority of the Company's current directors are truly independent.
- o Separate the positions of Chairman and CEO, as these positions are two distinct jobs with different responsibilities. As the lack of an independent Chairman can hinder the ability of the Board to adequately oversee and evaluate the performance of the Company and its senior officers (including the CEO), we also strongly recommend that the Board designate an independent Chairman.
- o Scale back the excessive "golden parachute" awards contained in a number of the employment agreements for the Company's executive officers. For example, Mr. Karson's employment agreement would provide him with a payout equal to three times his annual salary and bonus in the event of a change of control of the Company.

- o Redeem the Company's "poison pill," which was implemented without stockholder approval.

THE COMPANY SHOULD USE ITS EXCESS CASH TO AGGRESSIVELY BUY-BACK STOCK AT CURRENT LEVELS.

In spite of the Company's roughly \$68.5 million cash, cash equivalents and marketable securities position as of September 30, 2004, the Company does not pay a dividend and has repurchased only \$5.2 million worth of stock between January 1, 2004 and September 30, 2004. Over that same time period, the Company's share price declined roughly 15 percent. We believe that the lack of aggressive stock repurchases during the last three fiscal years has been a mistake and that it is imperative that the Company commence a \$30.0 million stock repurchase program at the present time.

We further recommend that the Company institute an annual cash dividend of \$0.35 per share.

THE COMPANY SHOULD MODERATE THE ISSUANCE OF STOCK OPTIONS.

As reported in the Company's Form 10-K for the year ended December 31, 2003, the Company had 2,274,475 options outstanding, which is equivalent to approximately 17 percent of the Company's shares outstanding as of November 3, 2004. This percentage is significantly higher than its peers. While we encourage measured issuances of options on a "pay for performance" basis, it appears to us that the compensation and options packages at Steven Madden, Ltd. are excessive and have failed to drive performance.

WE ARE HOPEFUL THAT THE BOARD WILL CONSIDER OUR RECOMMENDATIONS IN GOOD FAITH AND WORK TOGETHER WITH US FOR THE GOOD OF ALL STOCKHOLDERS. TO DATE, WE HAVE ONLY RECEIVED VITRIOLIC LETTERS FROM MR. KARSON AND THE COMPANY'S HIGH-PRICED ATTORNEYS, PAID FOR OUT OF THE STOCKHOLDERS' MONEY, SEEKING TO EITHER INTIMIDATE US OR DIVERT THE ATTENTION FROM THE REAL ISSUE - THE COMPANY'S PERFORMANCE. IN AN ATTEMPT TO ELIMINATE THIS WASTE OF RESOURCES BY THE COMPANY, WE WOULD LIKE TO TAKE THIS OPPORTUNITY TO ADDRESS SOME OF THE ISSUES THAT HAVE BEEN RAISED BY MR. KARSON AND THE COMPANY'S COUNSEL:

- o No allegations of insider trading were ever made against us, despite what has been suggested by your counsel. While a former director of two companies in which we invested did call for our trading activities to be reviewed, after a full investigation by independent legal counsel retained by a special committee of independent directors, it was determined that there was no evidence to suggest that insider trading occurred. Furthermore, the director who called for the review publicly withdrew all of his prior communications in a filing with the Securities and Exchange Commission and stated that he believed that no further action needed to be taken by either company with respect to the matter.
- o Our shares in Steven Madden, Ltd. are not for sale to the Company in a private sale. We believe that the Company's stock is undervalued and we wish to benefit along with ALL other stockholders from any appreciation.
- o Although we are confident that our Schedule 13D fully complies with federal securities laws, we have supplemented our Schedule 13D to provide additional information that we believe is not required to be disclosed under the rules in the hope that it will avoid any more time or resources being expended on your counsel's specious concerns.

We believe in the potential of Steven Madden, Ltd. and its portfolio of strong brands. However, it appears that the Company suffers from being run with a lack of disciplined operational and financial management. It is our hope that as the outside members of the Board of Directors of Steven Madden, Ltd. you will promptly address our concerns and deliver results, not words.

As a large stockholder in Steven Madden, Ltd., we are committed to improving shareholder value for the benefit of ALL stockholders of the Company and are available to meet with you to discuss these matters in greater detail.

We look forward to hearing from you.

Sincerely yours,

/s/ James A. Mitarotonda

James A. Mitarotonda

CERTAIN INFORMATION CONCERNING PARTICIPANTS

Barington Capital Group, L.P. ("Barington"), together with the other participants named herein, may make a preliminary filing with the SEC of a proxy statement and an accompanying WHITE proxy card to be used to solicit votes for the election of their nominees at the 2005 annual meeting of stockholders of Steven Madden, Ltd., a Delaware corporation (the "Company"), which has not yet been scheduled.

IN THE EVENT THAT A DETERMINATION IS MADE TO FILE A PROXY STATEMENT WITH THE SEC, BARINGTON STRONGLY ADVISES ALL STOCKHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT WHEN IT IS AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY STATEMENT, IF FILED, WILL BE AVAILABLE AT NO CHARGE ON THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS IN ANY SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT, IF FILED, WITHOUT CHARGE UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS' PROXY SOLICITOR, MACKENZIE PARTNERS, INC., AT ITS TOLL-FREE NUMBER: 800-322-2885 OR PROXY@MACKENZIEPARTNERS.COM.

The participants in such potential proxy solicitation are anticipated to be Barington, Barington Companies Investors, LLC, James Mitarotonda, Barington Companies Offshore Fund, Ltd. (BVI), Barington Companies Advisors, LLC, Barington Companies Equity Partners, L.P., LNA Capital Corp., Parche, LLC, Starboard Value & Opportunity Fund, LLC, Admiral Advisors, LLC, Ramius Capital Group, LLC, C4S & Co., LLC, Peter A. Cohen, Morgan B. Stark, Jeffrey M. Solomon, Thomas W. Strauss, RJG Capital Partners, LP, RJG Capital Management, LLC and Ronald Gross (together, the "Participants").

Information regarding the Participants and their direct or indirect interests is available in their Amendment No. 3 to Schedule 13D, jointly filed with the SEC on December 13, 2004.

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