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

FORM 10-Q

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

For the quarterly period ended June 30, 2002

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

For the transition period from ____________________ to _____________________

Commission File Number 0-23702

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

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Class	Outstanding as of August 12, 2002
Common Stock	12,697,105

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
June 30, 2002

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands)

	June 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,332	$ 50,179
Marketable securities	3,501	
Accounts receivable - net of allowances of $306 and $257	2,814	2,072
Due from factor - net of allowances of $1,593 and $1,387	43,404	22,783
Inventories	24,817	15,818
Prepaid expenses and other current assets	1,677	836
Prepaid taxes	1,487	7,911
Deferred taxes	1,223	1,223
Total current assets	104,255	100,822
Marketable securities	12,671	
Property and equipment, net	15,665	15,707
Deferred taxes	3,019	3,019
Deposits and other	297	248
Cost in excess of fair value of net assets acquired - net of accumulated amortization of $714	2,066	2,066
	$ 137,973	$ 121,862
LIABILITIES		
Current liabilities:		
Current portion of lease payable	$ 21	$ 43
Accounts payable	13,337	6,836
Accrued expenses	5,434	10,898
Accrued bonuses	1,323	412
Total current liabilities	20,115	18,189
Deferred rent	1,420	1,299
Lease payable, less current portion		14
	21,535	19,502
Contingencies (Note D)		
STOCKHOLDERS' EQUITY		
Common stock - $.0001 par value, 60,000 shares authorized, 12,694 and 12,194 outstanding	1	1
Additional paid-in capital	66,351	60,643
Retained earnings	60,237	50,881
Unearned compensation	(2,160)	(1,174)
Treasury stock at cost - 1,245 shares	(7,991)	(7,991)
	116,438	102,360
	$ 137,973	$ 121,862

See notes to financial statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Net sales:				
Wholesale	$ 65,742	$ 39,494	$ 113,577	$ 77,797
Retail	22,369	20,069	41,145	35,161
	88,111	59,563	154,722	112,958
Cost of sales:				
Wholesale	44,607	25,355	76,136	49,968
Retail	10,520	8,890	19,061	15,591
	55,127	34,245	95,197	65,559
Gross profit	32,984	25,318	59,525	47,399
Commission and licensing fee income	1,574	1,235	2,818	2,369
Operating expenses	(25,602)	(19,226)	(46,534)	(36,641)
Income from operations	8,956	7,327	15,809	13,127
Interest income, net	218		422	843
Income before provision for income taxes	9,174	7,669	16,231	13,970
Provision for income taxes	3,912	3,246	6,876	5,897
Net income	$ 5,262	$ 4,423	$ 9,355	$ 8,073
Basic income per share	$ .42	$ .38	$ .75	$ .71
Diluted income per share	$ .38	$ .34	$ .68	$ .63
Weighted average common shares outstanding - basic	12,571	11,496	12,464	11,329
Effect of dilutive securities - options	1,221	1,567	1,211	1,463
Weighted average common shares outstanding - diluted	13,792	13,063	13,675	12,792

See notes to financial statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

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

	Six Months Ended June 30, 2002	2001
Cash flows from operating activities:		
Net income	$ 9,355	$ 8,073
Adjustments to reconcile net income to net cash used in operating activities:		
Issuance of equity compensation		655
Depreciation and amortization	1,658	1,739
Deferred compensation	966	64
Provision for bad debts	255	(106)
Deferred rent expense	121	82
Changes in:		
Accounts receivable	(791)	1,412
Due from factor	(20,827)	(13,132)
Inventories	(8,999)	(4,207)
Prepaid expenses and other assets	5,533	(1,701)
Accounts payable and accrued expenses	1,951	(3,970)
Net cash used in operating activities	(10,778)	(11,091)
Cash flows from investing activities:		
Purchase of property and equipment	(1,616)	(1,245)
Purchases of marketable securities	(16,173)	
Net cash used in investing activities	(17,789)	(1,245)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	3,756	3,983
Repayments of lease obligations	(36)	(57)
Net cash provided by financing activities	3,720	3,926
Net decrease in cash and cash equivalents	(24,847)	(8,410)
Cash and cash equivalents - beginning of year	50,179	35,259
Cash and cash equivalents - end of year	$ 25,332	$ 26,849

See notes to financial statements

NOTE A - BASIS OF REPORTING

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the financial position of Steven Madden, Ltd. and subsidiaries (the "Company") as of June 30, 2002, and the results of their operations and cash flows for the six and three-month periods then ended. The results of operations for the six and three-month period ended June 30, 2002 are not necessarily indicative of the operating results for the full year. It is suggested that these financial statements be read in conjunction with the financial statements and related disclosures for the year ended December 31, 2001 included in the Annual Report of Steven Madden, Ltd. on Form 10-K.

NOTE B - INVENTORIES

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

NOTE C - NET INCOME PER SHARE OF COMMON STOCK

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

NOTE D - PENDING LITIGATION

[1] Indictment:

On June 20, 2000, Steven Madden, the Company's former Chairman and Chief Executive Officer, was indicted in the United States District Courts for the Southern District and Eastern District of New York. The indictments alleged that Mr. Madden engaged in securities fraud and money laundering activities. In addition, the Securities and Exchange Commission filed a complaint in the United States District Court for the Eastern District of New York alleging that Mr. Madden violated Section 17(a) of the Securities Exchange Act of 1934, as amended. On May 21, 2001, Steven Madden entered into a plea agreement with the U.S. Attorney's Office, pursuant to which he pled guilty to four of the federal charges filed against him. In addition, Mr. Madden reached a separate settlement agreement with the Securities and Exchange Commission regarding the allegations contained in its complaint. As a result, Mr. Madden resigned as the Company's Chief Executive Officer and as a member of the Company's Board of Directors effective July 1, 2001. Mr. Madden has agreed to serve as the Company's Creative and Design Chief, a non-executive position. On April 4, 2002 Mr. Madden was sentenced in the United States District Court for the Southern District of New York to forty-one (41) months imprisonment in connection with two of the federal charges to which he pled guilty. On May 3, 2002, Mr. Madden was sentenced in the United States District Court for the Eastern District of New York to forty-one (41) months imprisonment in connection with the remaining two charges to which he pled guilty. The sentences will run concurrently. Under the settlement agreement with the Securities and Exchange Commission, Mr. Madden has agreed to not serve as an officer or director of a publicly traded company for 7 years. Neither the indictments nor the Securities and Exchange Commission complaint allege any wrongdoing by the Company or its other officers and directors.

NOTE D - PENDING LITIGATION (CONTINUED)

[1] Indictment: (continued)

In December 2001, the Company purchased a loss mitigation policy to cover costs arising out of lawsuits related to the June 2000 federal indictment of Steve Madden, the Company's former Chief Executive Officer. The policy covers the Company's anticipated damages and legal costs in connection with such lawsuits. The Company is obligated to pay for damages and costs in excess of the policy limits. The cost of the policy was $6,950,000.

[2] Class action litigation:

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

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

[3] Shareholder derivative actions:

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

On or about November 28, 2001, a purported shareholder derivative complaint was filed in the United States District Court for the Eastern District of New York, captioned Herrera v. Karson, et al., 00 CV 7868. Named as defendants therein are the Company (as nominal defendant) and certain of the Company's present and/or former directors. An agreement in principle has been reached to resolve all claims in this action, subject to execution of definitive documentation, such notice to the Company's shareholders (if any) as may be required by the District Court, and approval by the District Court. The Company believes, after consultation with counsel, that a portion of its defense costs and certain attorneys fees in connection with this action will be subject to coverage by the Company's insurance as supplemented by the loss mitigation policy described above.

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

NOTE D - PENDING LITIGATION (CONTINUED)

[4] SEC investigation:

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

[5] Other actions:

On or about September 17, 2001, an action was commenced against the Company in the Supreme Court, Queens County, captioned Mitch Stewart v. Steven Madden, Ltd. Mr. Stewart is a former independent contractor for the Company. This matter has been settled for $250,000 and the lawsuit has been discontinued with prejudice.

On or about November 29, 2001, an action was commenced against the Company for breach of contract in the United States District Court, Eastern District of Texas, captioned Lina Enterprises v. Steven Madden, Ltd. Lina is a former independent contractor for the Company. This matter has been settled for a nominal amount and the lawsuit has been discontinued with prejudice.

On or about January 22, 2002, an action was commenced against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steven Madden, Ltd. and Steve Madden Retail, Inc. The complaint seeks injunctive and unspecified monetary damages for trademark infringement, trademark dilution, unfair competition and deceptive trade practices. The Company believes that it has substantial defenses to the claims asserted in the lawsuit and has filed a motion to dismiss the complaint in lieu of an answer. The ultimate outcome of this matter cannot be presently determined.

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

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Financial Statements and Notes thereto appearing elsewhere in this document.

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

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

	Percentage of Net Sales			
	Six Months Ended			
	June 30			
	($ in thousands)			
Consolidated:	2002		2001	
Net Sales	$154,722	100%	$112,958	100%
Cost of Sales	95,197	62	65,559	58
Other Operating Income	2,818	2	2,369	2
Operating Expenses	46,534	30	36,641	32
Income from Operations	15,809	10	13,127	12
Interest and Other Income Net	422	0	843	1
Income Before Income Taxes	16,231	10	13,970	12
Net Income	9,355	6	8,073	7

Percentage of Net Sales

Six Months Ended

June 30

($ in thousands)

By Segment	2002		2001	
WHOLESALE DIVISIONS:				
Steven Madden, Ltd.				
Net Sales	$ 54,213	100%	$ 47,684	100%
Cost of Sales	37,786	70	30,195	63
Other Operating Income	660	1	532	1
Operating Expenses	13,350	25	12,251	26
Income from Operations	3,737	7	5,770	12
l.e.i. Footwear:				
Net Sales	$ 26,557	100%	$ 18,801	100%
Cost of sales	17,232	65	12,064	64
Operating Expenses	6,444	24	4,209	22
Income from Operations	2,881	11	2,528	13
Madden Mens:				
Net Sales	$ 20,614	100%	$ 2,790	100%
Cost of sales	13,237	64	1,838	66
Operating Expenses	4,106	20	979	35
Income (Loss) from Operations	3,271	16	(27)	(1)
Diva Acquisition Corp:				
Net Sales	$ 5,185	100%	$ 3,630	100%
Cost of sales	3,467	67	2,767	76
Operating Expenses	1,298	25	792	22
Income from Operations	420	8	71	2
Stevies Inc.:				
Net Sales	$ 7,008	100%	$ 4,892	100%
Cost of sales	4,414	63	3,104	63
Other Operating Income	38	1	207	4
Operating Expenses	1,491	21	1,112	23
Income from Operations	1,141	16	883	18
STEVEN MADDEN RETAIL INC.:				
Net Sales	$ 41,145	100%	$ 35,161	100%
Cost of Sales	19,061	46	15,591	44
Operating Expenses	18,712	45	16,458	47
Income from Operations	3,372	8	3,112	9

Percentage of Net Sales

Six Months Ended

June 30

($ in thousands)

By Segment (Continued)

ADESSO MADDEN INC.: (FIRST COST)	2002		2000	
Other Operating Revenue	$ 2,120	100%	$ 1,630	100%
Operating Expenses	1,133	53	840	52
Income from Operations	987	47	790	48

Percentage of Net Sales

Three Months Ended

June 30

($ in thousands)

	2002		2001	
Consolidated:				
Net Sales	$ 88,111	100%	$ 59,563	100%
Cost of Sales	55,127	63	34,245	57
Other Operating Income	1,574	2	1,235	2
Operating Expenses	25,602	29	19,226	32
Income from Operations	8,956	10	7,327	12
Interest and Other Income Net	218	0	342	1
Income Before Income Taxes	9,174	10	7,669	13
Net Income	5,262	6	4,423	7
By Segment				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd.				
Net Sales	$ 31,332	100%	$ 24,608	100%
Cost of sales	22,241	71	15,527	63
Other Operating Income	339	1	310	1
Operating Expenses	7,347	23	5,944	24
Income from Operations	2,083	7	3,447	14
l.e.i. Footwear:				
Net Sales	$ 14,982	100%	$ 9,056	100%
Cost of sales	9,731	65	5,728	63
Operating Expenses	3,666	24	2,336	26
Income from Operations	1,585	11	992	11
Madden Mens:				
Net Sales	$ 13,165	100%	$ 1,880	100%
Cost of sales	8,534	65	1,247	66
Operating Expenses	2,705	21	620	33
Income from Operations	1,926	15	13	1
Diva Acquisition Corp.:				
Net Sales	$ 2,700	100%	$ 1,851	100%
Cost of sales	1,821	67	1,524	82
Operating Expenses	763	28	405	22
Income (Loss) from Operations	116	4	(78)	(4)
Stevies Inc.:				
Net Sales	$ 3,563	100%	$ 2,099	100%
Cost of Sales	2,280	64	1,329	63
Other Operating Income	29	1	103	5
Operating Expenses	746	21	547	26
Income from Operations	566	16	326	16

Percentage of Net Sales
Three Months Ended
June 30
($ in thousands)

By Segment (Continued)

Steven Madden Retail Inc.:	2002		2001	
Net Sales	$ 22,369	100%	$ 20,069	100%
Cost of Sales	10,520	47	8,890	44
Operating Expenses	9,770	44	8,886	44
Income from Operations	2,079	9	2,293	11

ADESSO MADDEN INC.:
(FIRST COST)

Other Operating Revenue	$ 1,206	100%	$ 822	100%
Operating Expenses	605	50	488	59
Income from Operations	601	50	334	41

RESULTS OF OPERATIONS
($ in thousands)
Six Months Ended June 30, 2002 vs. Six Months Ended June 30, 2001
Consolidated:

Sales for the six-month period ended June 30, 2002 were $154,722 or 37% higher than the $112,958 in the comparable period of 2001. The increase in sales was primarily due to a 639% increase in sales from the Madden Mens Wholesale Division ("Madden Mens Wholesale"), which commenced shipping in the first quarter of 2001 and double digit percentage gains in our other divisions due to an increase in the Company's brand recognition.

Consolidated gross profit as a percentage of sales decreased from 42% in 2001 to 38% in 2002. The decrease was due to several factors including the fact that a "broad and shallow" assortment strategy was adopted at both wholesale and retail, wherein open to buy dollars were reserved for in-season performing product. In connection with this strategy, the Company produced more goods in the USA and Europe, which resulted in a higher cost of goods and increased airfreight expenses. Also, contributing to the decrease in the Company's first six months of 2002 gross margins was the fact that the Company's retail division, with its attendant greater gross margins, represented a smaller percentage of the Company's overall business for the six-month period ended June 30, 2002 (retail represented 27% of the total net sales in 2002 vs. 31% in 2001). Additionally, the Company took action earlier in 2002 than in 2001 to clear under-performing inventories at lower gross margins in both retail and wholesale.

Selling, general and administrative (SG&A) expenses increased to $46,534 in 2002 from $36,641 in 2001. The increase in SG&A expenses was due primarily to a 26% increase in payroll, officers' and employee bonuses and payroll-related expenses from $14,279 in 2001 to $17,994 in 2002. Also, the Company focused its efforts on advertising and marketing by increasing those expenses by 16% from $2,650 in 2001 to $3,070 in 2002. Additionally, selling, designing and licensing costs increased by 50% from $5,920 in 2001 to $8,889 in 2002. This was due in part to an increase in sales in the current period and to the Company's increased focus on selling, designing and licensing activities. The expansion of the Company's corporate office facilities resulted in an increase in occupancy, telephone, utilities and office related expenses by 20% from $5,678 in 2001 to $6,839 in 2002.

Income from operations for 2002 was $15,809, which represents an increase of $2,682 or 20% over the income from operations of $13,127 in 2001. Net income increased by 16% to $9,355 in 2002 from $8,073 in 2001.

Wholesale Divisions:
- -------------------

Sales from the Steve Madden Women's Wholesale Division ("Madden Women's Wholesale") accounted for $54,213 or 35%, and $47,684 or 42%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including dress sandals, open-back euro casuals and pointy pumps. Gross profit as a percentage of sales decreased from 37% in 2001 to 30% in 2002. The decrease was due to several factors. At wholesale, a "broad and shallow" assortment strategy was adopted, wherein open to buy dollars were reserved for in-season performing product. In connection with this strategy, the Company produced more goods in the USA and Europe, which resulted in a higher cost of goods and increased airfreight expenses. Additionally, the Company took action earlier in 2002 than in 2001 to clear under-performing inventories at lower gross margins in wholesale. Operating expenses increased to $13,350 in 2002 from $12,251 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and designing expenses increased due to an increase in sales in the current period. Madden Women's Wholesale income from operations decreased to $3,737 in 2002 compared to income from operations of $5,770 in 2001.

Sales from l.e.i. Wholesale accounted for $26,557 or 17%, and $18,801 or 17%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including closed toe fashion casuals and fresh spring dress sandals. The increase in sales was also driven by the addition of new accounts with retailers including The Bon Marche, Dayton Hudson, Stage Stores and Foot Action. Gross profit as a percentage of sales decreased from 36% in 2001 to 35% in 2002, due to an increase in the level of promotional activity in the first and second quarters of 2002. Operating expenses increased to $6,444 in 2002 from $4,209 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling expenses increased due to an increase in sales in the current period. Income from operations for l.e.i. Wholesale increased to $2,881 in 2002 from $2,528 in 2001.

Sales from Madden Mens Wholesale which commenced shipping in the first quarter of 2001 accounted for $20,614 or 13%, and $2,790 or 2%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including euro casual and sport-active looks. Gross profit as a percentage of sales increased from 34% in 2001 to 36% in 2002 due to changes in product mix and balanced sourcing. Operating expenses increased to $4,106 in 2002 from $979 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and designing expenses increased due to an increase in sales in the current period. Income from operations for Madden Mens Wholesale was $3,271 in 2002 compared to a loss from operations of $27 in 2001.

Sales from Diva Wholesale accounted for $5,185 or 3%, and $3,630 or 3%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including pointy toe dress shoes, sport active shoes, sandals and driving mocs. Gross profit as a percentage of sales increased from 24% in 2001 to 33% in 2002 due to changes in product mix and balanced sourcing. Operating expenses increased to $1,298 in 2002 from $792 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and related expenses increased due to an increase in sales in the current period. Income from operations for Diva Wholesale was $420 in 2002 compared to income from operations of $71 in 2001.

Sales from Stevies Wholesale, accounted for $7,008 or 5%, and $4,892 or 4%, of total sales in 2002 and 2001, respectively. This increase in sales was primarily due to the growth in accounts such as Kids "R" Us and Nordstrom. Gross profit as a percentage of sales remained the same in 2001 and 2002. Operating expenses increased to $1,491 in 2002 from $1,112 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and related expenses increased due to an increase in sales in the current period. Income from operations for Stevies Wholesale was $1,141 in 2002 compared to income from operations of $883 in 2001.

Retail Division:
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Sales from the Retail Division accounted for $41,145 or 27% and $35,161 or 31% of total sales in 2002 and 2001, respectively. This increase in sales was due to the increase in the number of Steve Madden retail stores as well as an increase in same store sales. During 2001 and 2002, the Company closed three of its least productive stores. As of June 30, 2002, there were 74 retail stores compared to 67 stores as of June 30, 2001. Same store sales for the six-month period ended June 30, 2002 increased 9% over the same period of 2001. This increase was achieved through the early delivery of fresh products to the Company's stores and replenishing in season. Gross profit as a percentage of sales decreased from 56% in 2001 to 54% in 2002 due to greater promotional activity at retail this year. Operating expenses for the Retail Division increased to $18,712 or 45% of sales in 2002 from $16,458 or 47% of sales in 2001. This increase in dollars was due to increases in payroll and payroll-related expenses and occupancy expenses as a result of opening additional stores since June 30, 2001. Income from operations for the Retail Division was $3,372 in 2002 compared to income from operations of $3,112 in 2001.

Adesso-Madden Division:
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Adesso-Madden, Inc. generated commission revenues of $2,120 for the six-month period ended June 30, 2002, which represents a 30% increase over commission revenues of $1,630 during the same period in 2001. This increase was primarily due to the growth in accounts such as Wal-Mart and Target and the addition of children's products to the assortment mix. Operating expenses increased to $1,133 in 2002 from $840 in 2001 due to increases in payroll and payroll-related expenses. Income from operations for Adesso-Madden was $987 in 2002 compared to income from operations of $790 in 2001.

Three Months Ended June 30, 2002 vs. Three Months Ended June 30, 2001
Consolidated:
- ------------

Sales for the three-month period ended June 30, 2002 were $88,111 or 48% higher than the $59,563 in the comparable period of 2001. The increase in sales was primarily due to a 600% increase in sales from Madden Mens Wholesale and double digit percentage gains in our other divisions due to an increase in the Company's brand recognition.

Consolidated gross profit as a percentage of sales decreased from 43% in 2001 to 37% in 2002. The decrease was due to several factors including the fact that a "broad and shallow" assortment strategy was adopted at both wholesale and retail, wherein open to buy dollars were reserved for in-season performing product. In connection with this strategy, the Company produced more goods in the USA and Europe, which resulted in a higher cost of goods and increased airfreight expenses. Also, contributing to the decrease in the Company's second quarter of 2002 gross margins was the fact that the Company's retail division, with its attendant greater gross margins, represented a smaller percentage of the Company's overall business for the three-month period ended June 30, 2002 (retail represented 25% of the total net sales in 2002 vs. 34% in 2001). Additionally, the Company took action earlier in 2002 than in 2001 to clear under-performing inventories at lower gross margins in both retail and wholesale.

Selling, general and administrative (SG&A) expenses increased to $25,602 in 2002 from $19,226 in 2001. The increase in SG&A expenses was due primarily to a 23% increase in payroll, officers' and employee bonuses and payroll-related expenses from $7,794 in 2001 to $9,548 in 2002. Also, the Company focused its efforts on advertising and marketing by increasing those expenses by 89% from $1,041 in 2001 to $1,970 in 2002. Additionally, selling, designing and licensing costs increased by 55% from $3,309 in 2001 to $5,120 in 2002. This was due in part to an increase in sales in the current period and to the Company's increased focus on selling, designing and licensing activities. The expansion of the Company's corporate office and warehouse facilities resulted in an increase in occupancy, telephone, utilities, warehouse, and office related expenses by 24% from $3,482 in 2001 to $4,309 in 2002.

Income from operations for 2002 was $8,956, which represents an increase of $1,629 or 22% over the income from operations of $7,327 in 2001. Net income increased by 19% to $5,262 in 2002 from $4,423 in 2001.

Wholesale Divisions:
- -------------------

Sales from Steve Madden Women's Wholesale accounted for $31,332 or 36%, and $24,608 or 41%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including dress sandals, open-back euro casuals and pointy pumps. Gross profit as a percentage of sales decreased from 37% in 2001 to 29% in 2002. The decrease was due several factors. At wholesale, a "broad and shallow" assortment strategy was adopted, wherein open to buy dollars were reserved for in-season performing product. In connection with this strategy, the Company produced more goods in the USA and Europe, which resulted in a higher cost of goods and increased airfreight expenses. Additionally, the Company took action earlier in 2002 than in 2001 to clear under-performing inventories at lower gross margins in wholesale. Operating expenses increased to $7,347 in 2002 from $5,944 in 2001 due to increases in payroll and payroll-related expenses. Also, advertising and marketing expenses increased due to the Company's expanded marketing strategy. Additionally, selling and designing expenses increased due to an increase in sales in the current period. Madden Women's Wholesale income from operations decreased to $2,083 in 2002 compared to income from operations of $3,447 in 2001.

Sales from l.e.i. Wholesale accounted for $14,982 or 17%, and $9,056 or 15%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the addition of new accounts with retailers including The Bon Marche, Dayton Hudson, Stage Stores and Foot Action. The increase in sales was also driven by the sales of key styles including closed toe fashion casuals and fresh spring dress sandals. Gross profit as a percentage of sales decreased from 37% in 2001 to 35% in 2002, due to an increase in the level of promotional activity in the second quarter of

2002. Operating expenses increased to $3,666 in 2002 from $2,336 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and designing expenses increased due to an increase in sales in the current period. Income from operations for l.e.i. Wholesale increased to $1,585 in 2002 from $992 in 2001.

Sales from Madden Mens Wholesale accounted for $13,165 or 15%, and $1,880 or 3%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including euro casual and sport-active looks. Gross profit as a percentage of sales increased from 34% in 2001 to 35% in 2002 due to improved sourcing leverage. Operating expenses increased to $2,705 in 2002 from $620 in 2001 due to increases in payroll and payroll-related expenses. Also, advertising and marketing expenses increased due to the Company's expanded marketing strategy. Additionally, selling and designing expenses increased due to an increase in sales in the current period. Income from operations for Madden Mens Wholesale was $1,926 in 2002 compared to income from operations of $13 in 2001.

Sales from Diva Wholesale accounted for $2,700 or 3%, and $1,851 or 3%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including sandals and driving mocs. Gross profit as a percentage of sales increased from 18% in 2001 to 33% in 2002 due to changes in product mix and balanced sourcing. Operating expenses increased to $763 in 2002 from $405 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and related expenses increased due to an increase in sales in the current period. Income from operations for Diva Wholesale was $116 in 2002 compared to a loss from operations of $78 in 2001.

Sales from Stevies Wholesale, accounted for $3,563 or 4%, and $2,099 or 4%, of total sales in 2002 and 2001, respectively. The increase in sales was driven by the sales of key styles including sandals with raffia uppers, fashion EVA's and dress shoes. The increase in sales was also driven by the growth in accounts such as Kids "R" Us and Nordstrom. Gross profit as a percentage of sales decreased from 37% in 2001 to 36% in 2002, due to an increase in the level of promotional activity in the second quarter of 2002. Operating expenses increased to $746 in 2002 from $547 in 2001 due to increases in payroll and payroll-related expenses. Additionally, selling and designing expenses increased due to an increase in sales in the current period. Income from operations for Stevies Wholesale was $566 in 2002 compared to income from operations of $326 in 2001.

Retail Division:
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Sales from the Retail Division accounted for $22,369 or 25% and $20,069 or 34% of total sales in 2002 and 2001, respectively. This increase in sales was due to the increase in the number of Steve Madden retail stores as well as an increase in same store sales. During 2001 and 2002, the Company closed three of its least productive stores. As of June 30, 2002, there were 74 retail stores compared to 67 stores as of June 30, 2001. Same store sales for the quarter ended June 30, 2002 increased 5% over the same period of 2001. This increase was achieved through the early delivery of fresh products to the Company's stores and replenishing in season. Gross profit as a percentage of sales decreased from 56% in 2001 to 53% in 2002, due to greater promotional activity at retail this quarter. Operating expenses for the Retail Division increased to $9,770 or 44% of sales in 2002 from $8,886 or 44% of sales in 2001. This increase in dollars was due to increases in payroll and payroll-related expenses and occupancy expenses as a result of opening additional stores since June 30, 2001. Income from operations for the Retail Division was $2,079 in 2002 compared to income from operations of $2,293 in 2001.

Adesso-Madden Division:

Adesso-Madden, Inc. generated commission revenues of $1,206 for the three-month period ended June 30, 2002, which represents a 47% increase over commission revenues of $822 during the same period in 2001. This increase was primarily due to the growth in accounts such as Wal-Mart and Target and the addition of children's products to the assortment mix. Operating expenses increased to $605 in 2002 from $488 in 2001 due to increases in payroll and payroll-related expenses. Income from operations for Adesso-Madden was $601 in 2002 compared to income from operations of $334 in 2001.

LICENSE AGREEMENTS

Revenues from licensing decreased to $698 in the first six months of 2002 from $739 in 2001as a result of diminution of royalty revenue from the Company's children's licenses. As of June 30, 2002, the Company had six license partners covering six product categories for its Steve Madden brand. Also, as of June 30, 2002, the Company had two license partners covering two product categories for its Stevies brand. The product categories include handbags, hosiery, sunglasses, eyewear, belts and outerwear.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $84,140 at June 30, 2002 compared to $70,546 in working capital at June 30, 2001, representing an increase of $13,594, which was primarily due to the Company's net income and proceeds received from the exercise of options.

Under the terms of a factoring agreement with Capital Factors, Inc., the Company is permitted to draw down 80% of its invoiced receivables at an interest rate of two points below the Prime Rate (as defined in such agreement). The agreement with Capital Factors was renewed as of December 31, 2001 for an additional one year term. Capital Factors maintains a lien on all of the Company's inventory and receivables and assumes the credit risk for all assigned accounts approved by it.

OPERATING ACTIVITIES

During the six-month period ended June 30, 2002, cash used for operating activities was $10,778. Uses of cash arose principally from an increase in factored accounts receivable of $20,827 and an increase in inventories of $8,999. Cash was provided principally by net income of $9,355 and a decrease in prepaid expenses and other assets of $5,533.

The Company leases office, showroom, warehouse and retail facilities under non-cancelable operating leases with terms expiring at various times through 2012. Future minimum annual lease payments under non-cancelable operating leases consist of the following at June 30:

2002	$ 7,508
2003	7,294
2004	7,256
2005	6,881
2006	6,869
Thereafter	19,731
	$ 55,539

The Company has employment agreements with four key executives and its Creative and Design Chief as of June 30, 2002 providing for aggregate annual salaries of approximately $1,725 subject to annual bonuses and annual increases as may be determined by the Company's Board of Directors. In addition, as part of four of the employment agreements, the Company is committed to pay incentive bonuses based on income before interest, depreciation and taxes.

A significant portion of the Company's products are supplied from foreign manufacturers, the majority of which are located in Brazil, China, Italy and Spain. Although the Company has not entered into any manufacturing contracts with any of these foreign companies, the Company believes that a sufficient number of alternative sources exist outside of the United States for the manufacture of its products if current suppliers need to be replaced. In addition, the Company currently makes approximately ninety-five percent (95%) of its purchases in U.S. dollars.

INVESTING ACTIVITIES

During the six-month period ended June 30, 2002, the Company used cash of $16,173 primarily for the investments in marketable securities and $1,616 on leasehold improvements to its corporate office space.

FINANCING ACTIVITIES

During the six-month period ended June 30, 2002, the Company received $3,756 in connection with the exercise of stock options.

OTHER CONSIDERATIONS

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

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

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

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

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

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

Impact of Foreign Manufacturers. Substantially all of the Company's products are currently sourced outside the United States through arrangements with a number of foreign manufacturers in four different countries. During the six-month period ended June 30, 2002, approximately 80% of the Company's products were purchased from sources outside the United States, including China, Brazil, Italy and Spain.

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

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

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

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

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

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

Expansion of Retail Business. The Company's continued growth depends to a significant degree on further developing the Steve Madden(R), David Aaron(R), Stevies, Steve Madden Mens and l.e.i.(R) brands, creating new product categories and businesses and operating Company-owned stores on a profitable basis. The Company plans to open approximately eight to ten (8-10) Steve Madden retail stores in 2002. The Company's recent and planned expansion includes the opening of stores in new geographic markets as well as strengthening existing markets. New markets have in the past presented, and will continue to present, competitive and merchandising challenges that are different from those faced by the Company in its existing markets. There can be no assurance that the Company will be able to open new stores, and if opened, that such new stores will be able to achieve sales and profitability levels consistent with existing stores. The Company's retail expansion is dependent on a number of factors, including the Company's ability to locate and obtain favorable store sites, the performance of the Company's wholesale and retail operations, and the ability of the Company to manage such expansion and hire and train personnel. Past comparable store sales results may not be indicative of future results, and there can be no assurance that the Company's comparable store sales results will increase or not decrease in the future. In addition, there can be no assurance that the Company's strategies to increase other sources of revenue, which may include expansion of its licensing activities, will be successful or that the Company's overall sales or profitability will increase or not be adversely affected as a result of the implementation of such retail strategies.

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

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

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

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

Outstanding Options. As of July 31, 2002, the Company had outstanding options to purchase an aggregate of approximately 2,230,000 shares of Common Stock. Holders of such options are likely to exercise them when, in all likelihood, the Company could obtain additional capital on terms more favorable than those provided by the options. Further, while its options are outstanding, they may adversely affect the terms in which the Company could obtain additional capital.

Part II

ITEM 1. LEGAL PROCEEDINGS.

The Company and certain of the Company's present and/or former directors have been named in an action commenced in the United States District Court for the Eastern District of New York by the Safeco Surplus Lines Insurance Company captioned, Safeco Surplus Lines Ins. Co. v. Steven Madden Ltd., et al., 02 CV 1151 (JG). The complaint principally seeks rescission of the excess insurance policy issued by Safeco to the Company for the February 4, 2000 to June 13, 2001 period and an order declaring that Safeco does not owe any indemnity obligation to the Company or any of its officers and directors in connection with the putative shareholder class action and derivative cases described in the Form 10Q filed by the Company for the quarter ended March 31, 2002.

On or about September 17, 2001, an action was commenced against the Company in the Supreme Court, Queens County, captioned Mitch Stewart v. Steven Madden, Ltd. Mr. Stewart is a former independent contractor for the Company. This matter has been settled and the lawsuit has been discontinued with prejudice.

On or about November 29, 2001, an action was commenced against the Company for breach of contract in the United States District Court, Eastern District of Texas, captioned Lina Enterprises v. Steven Madden, Ltd. This matter has been settled and the lawsuit has been discontinued with prejudice.

On or about January 22, 2002, an action was commenced against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steve Madden, Ltd. and Steve Madden Retail, Inc., CA No. CV02-0057 HU. The Complaint seeks injunctive relief and unspecified monetary damages for trademark infringement, trademark dilution, unfair competition and deceptive trade practices. The Company believes that it has substantial defenses to the claims asserted in the lawsuit and has filed a motion to dismiss the complaint in lieu of an answer.

Item 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of the Company held on May 17, 2002 (the "Annual Meeting"), the stockholders of the Company approved an amendment to the Company's 1999 Stock Plan to increase the number of shares subject to awards granted under the 1999 Stock Plan. The stockholders of the Company also approved the appointment of Eisner LLP as independent auditors of the Company for fiscal year 2002. In addition, at the Annual Meeting the stockholders of the Company elected eight directors to serve until the next Annual Meeting of Stockholders or until successors are duly elected and qualified.

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

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

	For	Against	Abstained
Amendment to the 1999 Stock Plan	4,864,946	4,428,287	107,519
Approval of Eisner LLP	11,622,543	101,974	3,591

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

Nominees	For	Withheld
Charles A. Koppelman	10,763,790	794,318
Jamieson A. Karson	10,910,244	647,864
Arvind Dharia	10,910,244	647,864
Gerald Mongeluzo	10,910,244	647,864
Marc S. Cooper	10,910,044	648,064
John L. Madden	10,910,044	648,064
Peter Migliorini	10,910,044	648,064
Heywood Wilansky	10,910,044	648,064

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(10)(a) 1999 Stock Award Plan (incorporated by reference to Exhibit 10(a) to the Form S-8 filed on August 14, 2002 (File No.-333-860-60))

99.1 Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.2 Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

DATE: August 14, 2002

STEVEN MADDEN, LTD.

/s/ JAMIESON A. KARSON

Jamieson A. Karson
Chief Executive Officer

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

STEVEN MADDEN, LTD.
FORM 10-Q

EXHIBIT INDEX

Exhibit No.	Description
(10)(a)	1999 Stock Award Plan (incorporated by reference to Exhibit 10(a) to the Form S-8 filed on August 14, 2002)
99.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 99.1

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 period ending June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamieson A. Karson, Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMIESON A. KARSON
- ----------------------------------
Jamieson A. Karson
Chief Executive Officer
August 14, 2002

Exhibit 99.2

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 period ending June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arvind Dharia, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ARVIND DHARIA
- -------------------------------------
Arvind Dharia
Chief Financial Officer
August 14, 2002