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STEVEN MADDEN, LTD.
Form 10-Q
May 09, 2007

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

FORM 10-Q

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

For the quarterly period ended March 31, 2007

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 (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 No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of May 4, 2007, the latest practicable date, there were 20,493,888 shares of

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common stock, \$.000067 par value, outstanding.

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
March 31, 2007

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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, 2007	De
	-----	---
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,467	\$

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Accounts receivable, net of allowances of \$1,172, \$1,009 and \$1,864	7,112	
Due from factor, net of allowances of \$9,082, \$11,499 and \$10,151	43,608	
Inventories	28,654	
Marketable securities - available for sale	63,359	
Prepaid expenses and other current assets	7,451	
Prepaid taxes	3,437	
Deferred taxes	8,110	

Total current assets	173,198	
Property and equipment, net	23,128	
Deferred taxes	6,707	
Deposits and other	3,132	
Marketable securities - available for sale	15,223	
Goodwill - net	6,465	
Intangibles - net	6,801	

Total Assets	\$ 234,654	\$
	=====	==
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 16,325	\$
Accrued expenses	13,463	

Total current liabilities	29,788	
Deferred rent	3,233	

	33,021	

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 - \$.000067 par value, 90,000 shares authorized, 24,846, 24,806 and 24,383 shares issued, 20,436, 21,106 and 20,811 outstanding	2	
Additional paid-in capital	113,704	
Retained earnings	143,094	
Other comprehensive loss :		
Unrealized loss on marketable securities (net of taxes)	(536)	
Treasury stock - 4,410, 3,700 and 3,572 shares at cost	(54,631)	

	201,633	

Total Liabilities and Stockholders' Equity	\$ 234,654	\$
	=====	==

See accompanying notes to condensed consolidated financial statements - unaudited

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	2007	2006
Net sales:		
Wholesale	\$ 82,299	\$ 82,982
Retail	24,355	25,333
	-----	-----
	106,654	108,315
	-----	-----
Cost of sales:		
Wholesale	52,502	48,857
Retail	11,958	13,175
	-----	-----
	64,460	62,032
	-----	-----
Gross profit:		
Wholesale	29,797	34,125
Retail	12,397	12,158
	-----	-----
	42,194	46,283
Commission and licensing fee income - net	5,446	3,762
Operating expenses	(31,971)	(31,590)
	-----	-----
Income from operations	15,669	18,455
Interest and other income, net	910	271
	-----	-----
Income before provision for income taxes	16,579	18,726
Provision for income taxes	7,046	7,866
	-----	-----
Net income	\$ 9,533	\$ 10,860
	=====	=====
Basic income per share	\$ 0.45	\$ 0.52
	=====	=====
Diluted income per share	\$ 0.43	\$ 0.50
	=====	=====
Basic weighted average common shares outstanding	20,960	20,875
Effect of dilutive securities - options/restricted stock	1,003	1,043
	-----	-----
Diluted weighted average common shares outstanding	21,963	21,918
	=====	=====

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See accompanying notes to condensed
consolidated financial statements - unaudited

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)
(in thousands)

Cash flows from operating activities:

Net income

Adjustments to reconcile net income to net cash provided by (used in) operating activities:

Depreciation and amortization

Loss on disposal of fixed assets

Non-cash compensation

Provision for doubtful accounts and chargebacks

Deferred rent expense

Realized loss on sale of marketable securities

Changes in:

Accounts receivable

Due from factor

Inventories

Prepaid expenses, prepaid taxes, deposits and other assets

Accounts payable and other accrued expenses

Net cash provided by (used in) operating activities

Cash flows from investing activities:

Purchases of property and equipment

Purchases of marketable securities

Sale/redemption of marketable securities

Acquisition, net of cash acquired

Net cash provided by (used in) investing activities

Cash flows from financing activities:

Proceeds from exercise of stock options

Common stock purchased for treasury

Net cash used in financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents - beginning of period

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Cash and cash equivalents - end of period

See accompanying notes to condensed
consolidated financial statements - unaudited

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited

March 31, 2007

(\$ in thousands except per share data)

Note A - Basis of Reporting

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the 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 Steven Madden, Ltd. and subsidiaries (the "Company") and the results of its operations and cash flows for the periods presented. The results of its operations for the three-month period ended March 31, 2007 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, 2006 included in the Annual Report of Steven Madden, Ltd. on Form 10-K filed with the SEC on March 9, 2007.

Stock Split

On April 27, 2006, the Board of Directors declared a 3-for-2 stock split of its outstanding shares of common stock, to be effected in the form of a stock dividend of one share of stock for every two shares outstanding. The dividend was paid on May 26, 2006 to stockholders of record at the close of business on May 11, 2006. All share and per share data provided herein gives effect to this stock split, applied retroactively.

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.

The significant areas of management estimation include allowances for bad debts, returns and customer chargebacks. The Company provides reserves on trade accounts 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 key account executives and the Vice President of Wholesale Sales to estimate the amount of the anticipated customer allowance.

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Note C - Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

Note D - Marketable Securities

Marketable securities consist primarily of corporate and municipal bonds, U.S. treasury notes and government asset-backed securities with maturities greater than three months and up to five years at the time of purchase as well as marketable equity securities. These securities, which are classified as available-for-sale, are carried at fair value, with unrealized gains and losses, net of any tax effect, reported in shareholders' equity as accumulated other comprehensive income (loss). Amortization of premiums and discounts is included in interest income and is not material. The values of these securities may fluctuate as a result of changes in market interest rates and credit risk.

Note E - Inventories

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

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited

March 31, 2007

(\$ in thousands except per share data)

Note F - Revenue Recognition

The Company recognizes revenue on wholesale sales when products are shipped pursuant to its standard terms which are freight on board (FOB) warehouse or when products are delivered to the consolidators as per the terms of the customers' purchase order. Sales reductions for anticipated discounts, allowances and other deductions are recognized when sales are recorded. Customers retain the right to replacement of the product for poor quality or improper or short shipments, which have historically been immaterial. Retail sales are recognized when the payment is received from customers and are recorded net of returns. The Company also generates commission income acting as a buying agent by arranging to manufacture private label shoes to the specifications of its clients. The Company's revenue includes partial recovery of its design, product and development costs from its suppliers. Commission revenue and product and development cost recoveries are recognized as earned when title of the product transfers from the manufacturer to the customer and is reported on a net basis after deducting operating expenses.

The Company licenses its trademarks for use in connection with the manufacturing, marketing and sale of cold weather accessories, sunglasses, eyewear, outerwear, watches, dresses 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 based on the higher of a minimum or a net sales percentage as defined in the various agreements. Licensing revenue is recognized on the basis of net sales reported by the licensees or minimum guaranteed royalties, if higher. In substantially all of the Company's license agreements, the minimum guaranteed royalty is earned and payable on a quarterly basis.

Note G - Sales Deductions

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The Company supports retailers' initiatives to maximize the sales of its products on the retail floor by subsidizing the co-op advertising programs of such retailers, providing them with inventory markdown allowances and participating in various other marketing initiatives of its major customers. Such expenses are reflected in the Condensed Consolidated Statement of Operations as deductions to net sales. For the three-month periods ended March 31, 2007 and 2006, the total deduction to net sales for these expenses was \$9,359 and \$7,967, respectively.

Note H - Cost of Sales

All costs incurred to bring finished products to the Company's distribution center and, in the retail division, the costs to bring products to the Company's stores, are included in the cost of sales line on the Consolidated Statement of Operations. These include the cost of finished products, purchase commissions, letter of credit fees, brokerage fees, material and labor and related items, sample expenses, custom duty, inbound freight, royalty payments on licensed products, labels and product packaging. All warehouse and distribution costs and freight to customers, if any, are included in the operating expenses line item of the Company's Condensed Consolidated Statement of Operations. The Company's gross margins may not be comparable to other companies in the industry because some companies may include warehouse and distribution costs as a component of cost of sales, while other companies report on the same basis as the Company and include them in operating expenses.

Note I - Net Income Per Share of Common Stock

Basic income per share is based on the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution assuming common shares were issued upon the exercise of outstanding options and the proceeds thereof were used to purchase outstanding common shares. Diluted income per share also reflects the unvested and unissued shares promised to employees which have a dilutive effect. For the purposes of calculating the diluted income per share for the three months ended March 31, 2007 and 2006, no stock options have been excluded because none of the shares were anti-dilutive.

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited
March 31, 2007
(\$ in thousands except per share data)

Note J - Stock-Based Compensation

In March 2006, the Board of Directors approved the Steven Madden, Ltd. Stock Incentive Plan (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 shareholders approved the Plan on May 26, 2006. The number of shares that may be issued or used under the Plan cannot exceed 1,200,000 shares. Management believes that the Plan will better align the interests of its recipients with those of the Company's shareholders. The following table summarizes the number of Common Stock shares authorized for use in the Plan, the amount of Stock based awards issued (net of expired or cancelled) and the amount of Common Stock available for the grant of Stock based awards under the Plan:

Common Stock authorized	1,200,000
-------------------------	-----------

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Stock based awards (restricted stock)	
granted net of expired or cancelled	596,000

Common Stock available for grant of stock	
based awards as of March 31, 2007	604,000
	=====

For the three months ended March 31, 2007, total equity-based compensation of \$1,012 was related to the vesting of restricted stock as compared to total equity-based compensation of \$60 that was related to stock options in the same period of last year. Equity-based compensation is included in operating expenses on the Company's Condensed Consolidated Statements of Operations. During the three-month periods ended March 31, 2007 and 2006, the Company did not realize any tax benefits from the exercise of stock options.

Stock Options

There were no options exercised during the three months ended March 31, 2007 and there were 127,500 options exercised with a total proceeds of \$1,537 and total intrinsic value of \$1,179 in the corresponding period of last year. No options vested during the three months ended March 31, 2007, as compared to 15,000 options with a weighted average exercise price of \$11.84 that vested during the corresponding period last year. There were no unvested options as of March 31, 2007. As of March 31, 2006, there were 15,000 unvested options with a weighted average exercise price of \$11.84, which vested during the quarter ended June 30, 2006.

The Company estimates the fair value of options granted using the Black-Scholes option-pricing model, which requires several assumptions. The expected term of the options represents the estimated period of time until exercise and is based on historical experience of similar awards. Expected volatility is based on the historical volatility of the Company's stock. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. With the exception of a special dividends paid in November of 2005 and 2006, the Company historically has not paid dividends and thus the expected dividend rate is assumed to be zero.

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited
 March 31, 2007
 (\$ in thousands except per share data)

Note J - Stock-Based Compensation (continued)

Activity relating to stock options granted under the Company's plans and outside the plans during the three months ended March 31, 2007 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	-----	-----	-----	-----
Outstanding at January 1, 2007	1,396,000	\$ 8.75		
Granted	--	--		

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Exercised	--	--		
Cancelled/Forfeited	--	--		
	-----	-----		
Outstanding at March 31, 2007	1,396,000	\$ 8.75	4.1	\$ 28,5
	=====	=====	=====	=====
Exercisable at March 31, 2007	1,396,000	\$ 8.75	4.1	\$ 28,5
	=====	=====	=====	=====

Restricted Stock

The following table summarizes restricted stock activity during the three months ended March 31, 2007:

	Weighted Average Fair	
	Number of Shares	Value at Grant Date
	-----	-----
Non-vested at January 1, 2007	421,000	\$ 32.51
Granted	178,000	29.65
Vested	(40,000)	33.83
Forfeited	(3,000)	34.05

Non-vested at March 31, 2007	556,000	\$ 31.49
	=====	

As of March 31, 2007, there was \$14,851 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 3.9 years. During the year ended December 31, 2006, 165,000 restricted stock awards were granted to the Company's Creative and Design Chief. 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. During the three-month periods ended March 31, 2007 and 2006, the Company did not realize any tax benefits from the vesting of restricted stock.

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited
 March 31, 2007
 (\$ in thousands except per share data)

Note K - Acquisition

On February 7, 2006, the Company acquired all of the equity interest of privately held Daniel M. Friedman and Associates, Inc. and D.M.F. International (collectively, "Daniel M. Friedman"). Founded in 1995, Daniel M. Friedman designs, sources, and markets name brand fashion handbags and accessories. The acquisition was completed for consideration of \$18,710, including transaction costs. In addition, the purchase agreement included certain earn-out provisions based on financial performance through 2010. On April 10, 2007, an amendment to the agreement shortened the earn-out period through December 31, 2008 and accordingly, advanced the earn out payments.

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The Daniel M. Friedman acquisition was accounted for using the purchase method of accounting as required by SFAS Statement No. 141, "Business Combinations." Accordingly, the assets and liabilities of Daniel M. Friedman were adjusted to their fair values, and the excess of the purchase price over the fair value of the assets acquired, including identified intangible assets, was recorded as goodwill. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions, as well as third-party independent valuations. The total preliminary purchase price has been allocated as follows:

Current assets	\$	9,772
Property, plant and equipment		289
Deposits		62
Intangible assets		8,400
Goodwill		4,918
Liabilities assumed		(4,731)

 Net assets acquired	 \$	 18,710
		=====

The purchase price and related allocation may be revised as a result of adjustments made to the purchase price pursuant to the earn-out provisions.

Pursuant to the acquisition, the Company has a note receivable from the former owner and namesake of Daniel M. Friedman in the amount of \$1,250. The note, which has an interest rate of 5%, is due and payable on the same day that the final earn-out payment is due. The note allows the maker to offset the principal and interest due on the note against any earn-out monies that might be due to him. The note is included in the "Deposits and other" category on the Company's Consolidated Balance Sheets.

The results of operations of Daniel M. Friedman have been included in the Company's Unaudited Condensed Consolidated Statements of Operations from the date of the acquisition. The following pro forma information presents the results of the Company's operations as though the Daniel M. Friedman acquisition had been completed as of the first day of the quarter ended March 31, 2006:

Net sales	\$	112,347
Operating income	\$	19,150
Net income	\$	11,241
Basic earnings per share	\$	0.54
Diluted earnings per share	\$	0.51

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited
 March 31, 2007
 (\$ in thousands except per share data)

Note L - Goodwill and Intangible Assets

The following is a summary of the carrying amount of goodwill by segment for the

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three months ended March 31, 2007:

	Steven by Steve Madden	Daniel M. Friedman	Total
	-----	-----	-----
Balance at January 1, 2007	\$ 1,547	\$ 4,918	\$ 6,465
Adjustments to goodwill	0	0	0
	-----	-----	-----
Balance at March 31, 2007	\$ 1,547	\$ 4,918	\$ 6,465
	-----	-----	-----

The following table details intangible assets acquired on February 7, 2006 in the Daniel M. Friedman transaction as of March 31, 2007:

	Cost basis	Accumulated Amortization	Net carrying amount
	-----	-----	-----
Trade name	\$ 200	\$ 40	\$ 160
Customer relationships	2,600	306	2,294
License agreements	5,600	1,253	4,347
	-----	-----	-----
	\$ 8,400	\$ 1,599	\$ 6,801
	-----	-----	-----

The estimated future amortization expense of purchased intangibles as of March 31, 2007 is as follows:

2007 (remaining nine months)	\$ 1,028
2008	1,370
2009	1,267
2010	1,267
2011	820
Thereafter	1,049

	\$ 6,801
	=====

Note M - Comprehensive Income

Comprehensive income for the three-month periods ended March 31, 2007 and 2006, after considering other comprehensive income including unrealized gain on marketable securities of \$105 and \$226, was \$9,638 and \$11,086, respectively.

Note N - Recently Issued Accounting Standards

Effective January 1, 2007, the Company adopted the provisions of the Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty In Income Taxes" ("FIN 48"), which addresses the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken on the Company's tax return. Pursuant to FIN 48, the Company has opted to classify interest and penalties that would accrue according to the provisions of relevant tax law as income tax expense on the Condensed Consolidated Statements of Operations. The Company determines the amount of interest expense to be recognized by applying the applicable statutory rate of interest to the difference

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited

March 31, 2007

(\$ in thousands except per share data)

Note N - Recently Issued Accounting Standards (continued)

between the tax position recognized in accordance with FIN 48 and the amount previously taken or expected to be taken on a tax return. As required by FIN 48, the Company applied the "more-likely-than-not" recognition threshold to all tax positions at the adoption date, which resulted in no required adjustment to the opening balance of retained earnings. The adoption of FIN 48 did not have a material impact on the Company's results of operations and earnings per share. The Company's tax years 2002 through 2006 remain open to examination for most taxing authorities.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 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. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, with early adoption permitted. The Company has not yet determined the impact, if any, that the implementation of SFAS No. 157 will have on its results of operations or financial condition.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that chose different measurement attributes for similar assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company has not yet determined the impact, if any, that the implementation of SFAS No. 159 will have on its results of operations or financial condition.

NOTE O - COMMITMENTS, CONTINGENCIES AND OTHER

Legal proceedings:

- (a) On August 10, 2005, the U.S. Customs Department ("Customs") issued a report that asserts that certain commissions which the Company treated as buying agents' commissions (which are non-dutiable) should be treated as "selling agents' commissions" and hence are dutiable. In the report, Customs estimates that the Company had underpaid duties during the calendar years of 1998 through 2004 in the amount of \$1,051. Based on discussions with legal counsel, the Company believes that the maximum liability in this case is not likely to exceed \$1,500. Accordingly, the Company recorded a reserve of \$1,500 during the year ended December 31, 2006. Such reserve is subject to change to reflect the status of this matter.
- (b) The Company has been named as a defendant in certain other

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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.

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements - Unaudited

March 31, 2007

(\$ in thousands except per share data)

Note P - Operating Segment Information

The Company's reportable segments are primarily based on methods used to distribute its products. The Wholesale segment, through sales to department and specialty stores, and the Retail segment, through the operation of retail stores and the website, derive revenue from sales of branded women's, men's, girl's and children's footwear and accessories. In addition, the Wholesale segment has a licensing program that extends the Steve Madden and Stevies brands to accessories and ready-to-wear apparel. The First Cost segment represents activities of a subsidiary which earns commissions for serving as a buying agent of footwear products to mass-market merchandisers, shoe chains and other off-price retailers with respect to their purchase of private label shoes.

	-----Wholesale segments-----				
	women's	men's	accessories	Total Wholesale	Retail
	-----	-----	-----	-----	-----
Quarter ended,					
March 31, 2007:					
Net sales to external customers	\$ 57,526	\$ 9,857	\$ 14,916	\$ 82,299	\$ 24,3
Gross profit	22,001	3,696	4,100	29,797	12,3
Commissions and licensing fees - net	1,099	--	--	1,099	
Income (loss) from operations	11,409	715	1,144	13,268	(1,9
Segment assets	\$ 127,480	\$ 20,152	\$ 21,052	\$ 168,684	\$ 44,8
Capital expenditures				\$ 1,016	\$ 1,1
March 31, 2006:					
Net sales to external customers	\$ 60,212	\$ 14,475	\$ 8,295	\$ 82,982	\$ 25,3
Gross profit	24,990	6,030	3,105	34,125	12,1
Commissions and licensing fees - net	805	--	--	805	
Income (loss) from operations	12,408	2,507	1,714	16,629	(1,1
Segment assets	\$ 128,767	\$ 20,777	\$ 20,934	\$ 170,478	\$ 41,7
Capital expenditures				\$ 493	\$ 1,0

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

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

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

Overview:

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

Consolidated net sales for the quarter ended March 31, 2007 were \$106,654 as compared to \$108,315 in the first quarter of the prior year. Continuing businesses were virtually unchanged from a year ago, with the absence of sales from discontinued brands Rule and l.e.i. only partially offset by the increase from recording a full quarter of results for Daniel M. Friedman, acquired on February 7 last year. Gross margin declined to 39.6% this year from 42.7% last year, as a decline in the Wholesale Division was only partially offset by an increase in the Retail Division. Operating expenses as a percentage of sales increased 0.7% in the first quarter of this year to 29.9% from 29.2% in the first quarter last year. Net income for the first quarter of this year was \$9,533, compared with \$10,860 in the same period last year. Diluted EPS for the first quarter was \$0.43 per share on 21,963 diluted weighted average shares outstanding compared to \$0.50 per share on 21,918 diluted weighted average shares outstanding in the first quarter of last year. Wholesale sales were \$82,299 in first quarter this year compared to \$82,982 in the same period last year. Last year's first quarter sales included \$7,700 in net sales from Rule and l.e.i., two brands that we did not go forward with in 2007. Overall wholesale gross margin decreased to 36.2% in the first quarter of 2007 from 41.1% in the first quarter of 2006, due primarily to margin pressure from the poor performance of boots in Steve Madden Women's, sport fusion products in Steve Madden Men's and Betsey Johnson handbags in the Daniel M. Friedman division.

In our retail division, sales for the first quarter of this year were \$24,355 compared to \$25,333 in the same period last year. Same store sales (sales in stores that were in operation throughout the first quarter of 2007 and 2006) decreased 1.7% in the first quarter of 2007, due primarily to a decline in the boot category. Gross margin in the retail division improved to 50.9% in the first quarter of this year from 48.0% in the same period last year, primarily due to freight savings and fewer store-to-store transfers. As of the end of the quarter, we had 96 stores in operation, and stores open for the full twelve

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months ended March 31 generated \$723 in sales per square foot.

As of March 31, 2007, the Company's total inventory was reduced to \$28,654 from \$36,579 last year and the inventory turn (calculated on a trailing twelve month average) decreased to 7.9 times compared to 8.1 times last year. The Company's accounts receivable average collection days decreased to 53 days in the first quarter of 2007 compared to 56 days in the comparable period of 2006. As of March 31, 2007, the Company had \$90,049 in cash, cash equivalents and marketable securities, no short or long-term debt, and total stockholders equity of \$201,633. Working capital increased to \$143,410 as of March 31, 2007, compared to \$110,840 on March 31, 2006.

The Company maintained a very strong financial position and effectively managed its balance sheet. During the first quarter, management also demonstrated its commitment to enhancing shareholder value as well as its confidence in the Company's future by repurchasing 710 shares of the Company's common stock for an aggregate of \$20,941.

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

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

	2007		2006	
CONSOLIDATED:				

Net sales	\$ 106,654	100%	\$ 108,315	100%
Cost of sales	64,460	60	62,032	57
Gross profit	42,194	40	46,283	43
Other operating income - net of expenses	5,446	5	3,762	3
Operating expenses	31,971	30	31,590	29
Income from operations	15,669	15	18,455	17
Interest and other income, net	910	1	271	0
Income before income taxes	16,579	16	18,726	17
Net income	9,533	9	10,860	10
 By Segment:				
WHOLESALE DIVISION:				

Net sales	\$ 82,299	100%	\$ 82,982	100%
Cost of sales	52,502	64	48,857	59
Gross profit	29,797	36	34,125	41
Other operating income	1,099	1	805	1
Income from operations	13,268	16	16,629	20
 RETAIL DIVISION:				

Net sales	\$ 24,355	100%	\$ 25,333	100%

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Cost of sales	11,958	49	13,175	52
Gross profit	12,397	51	12,158	48
Loss from operations	(1,946)	(8)	(1,131)	(4)
Number of stores	96		99	

FIRST COST DIVISION:

Other commission income- net of expenses	\$ 4,347	100%	\$ 2,957	100%
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RESULTS OF OPERATIONS

(\$ in thousands)

Three Months Ended March 31, 2007 vs. Three Months Ended March 31, 2006

Consolidated:

Total net sales for the three-month period ended March 31, 2007 decreased by 1.5% to \$106,654 from \$108,315 for the comparable period of 2006. Net sales in the Retail Division decreased by 3.9% while net sales in the Wholesale Division decreased by 0.8%. Overall gross profit margin decreased to 39.6% in the first quarter of 2007 from 42.7% in the first quarter of 2006. A decrease in the Wholesale gross profit margin to 36.2% in the first quarter of this year compared to 41.1% in the same period last year was partially offset by an increase in the Retail gross profit margin to 50.9% in the first quarter of this year from 48% in the same period last year. Operating expenses as a percentage of sales increased 0.8% in the first quarter this year to 30% from 29.2% in the same period last year. The increase in operating expenses is primarily due to the expensing of non-cash stock-based compensation.

Commission and licensing fee income was \$5,446 in the first quarter of 2007 compared to \$3,762 in the first quarter of 2006. Income from operations was \$15,669 in the first quarter of this year compared to \$18,455 in the same period last year. Net income decreased to \$9,533 in the first quarter of this year compared to \$10,860 in the same period last year. The decrease in income was primarily due to the lower gross profit margins from the Wholesale division.

Wholesale Division:

Net sales from the Wholesale Division accounted for \$82,299 or 77%, and \$82,982 or 77% of total Company net sales for the first quarters of 2007 and 2006, respectively. Gross profit margin decreased to 36.2% in the first quarter of this year from 41.1% in the same period last year, due primarily to margin pressure from the poor performance of boots in Steve Madden Women's, sport fusion product in Steve Madden Men's and Betsey Johnson handbags in the Daniel M. Friedman division. Income from operations for the Wholesale Division decreased to \$13,268 for the three-month period ended March 31, 2007 compared to \$16,629 for the three-month period ended March 31, 2006.

Retail Division:

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In the first quarter of 2007 net sales from the Retail Division accounted for \$24,355 or 23% of total Company net sales compared to \$25,333 or 23% in the same period last year. The Company opened three new stores and closed six under-performing stores during the twelve months ended March 31, 2007. As a result, the Company had 96 retail stores as of March 31, 2007 compared to 99 stores as of March 31, 2006. The 96 stores currently in operation include 93 under the Steve Madden brand, two under the Steven brand and one internet store. Comparable store sales (sales of those stores, including the internet store, that were open throughout the first quarters of 2007 and 2006) decreased 1.7% in the first quarter of this year due to a decline in the boot category. Gross margin in the Retail Division improved to 50.9% in the first quarter of this year from 48.0% in the first quarter of last year, primarily due to freight savings and fewer store-to-store transfers. Loss from operations for the Retail Division was \$1,946 compared to \$1,131 for the same period in 2006.

First Cost Division:

The First Cost Division generated net commission income and design fees of \$4,347 for the three-month period ended March 31, 2007, compared to \$2,957 for the comparable period of 2006. The increase was the result of the growth in the Company's private label business.

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LIQUIDITY AND CAPITAL RESOURCES

(\$ in thousands)

The Company had working capital of \$143,410 at March 31, 2007 compared to \$151,711 at December 31, 2006. The decrease was primarily due to the repurchase of 710,187 shares of the Company's common stock at a total cost of \$20,941.

The Company has a factoring agreement with GMAC, under which the Company is eligible to borrow against its invoiced receivables at an interest rate of two and one-half percent (2.5%) over the 30 day London Inter-Bank Offered Rate ("LIBOR"). The agreement, which has no specific expiration date and can be terminated by either party with 60 days written notice after June 30, 2007, provides the Company with a \$25 million credit facility with a \$15 million sub-limit on direct borrowings. GMAC maintains a lien on all of the Company's receivables and assumes the credit risk for all assigned accounts approved by them. On April 30, 2007, an amendment to the agreement increased the borrowing rate to 85% from 80% of its factored invoiced receivables and increased the credit facility to \$50 million with a \$25 million sub-limit on the aggregate face amount of Letters of Credit with some other stipulations. The amendment reduced the interest rate to the lower of the prime rate less 0.875% or LIBOR plus 1.375%. The amended agreement can be terminated by either party with 60 days written notice after June 30, 2009.

The Daniel M. Friedman Division has a factoring agreement with Wells Fargo Century. Under the terms of the agreement, the Company is eligible to borrow 85% of its invoiced receivables at an interest rate equal to the prime rate. The agreement will expire on June 30, 2007 at which time Daniel M. Friedman will be consolidated into the GMAC agreement.

As of March 31, 2007, the Company held marketable securities valued at \$78,582, consisting primarily of corporate and municipal bonds, U.S. Treasury notes, government asset-backed securities, certificates of deposits and equities.

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Management believes that based upon its current financial position and available cash 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)

Net cash provided by operating activities for the quarter was \$4,257. Sources of cash were provided primarily by the net income of \$9,533 and decrease in inventories of \$5,006. The primary uses of cash were decreases in accounts payable and other accrued expenses of \$6,544, an increase in prepaid expenses, prepaid taxes, deposits and other assets of \$4,082 and an increase in factored receivables of \$983.

CONTRACTUAL OBLIGATIONS (\$ in thousands)

The Company's contractual obligations as of March 31, 2007 were as follows:

Contractual Obligations	Payment due by period				2012 and thereafter
	Total	Remainder of 2007	2008-2009	2010-2011	
Operating lease obligations	\$ 109,303	\$ 11,097	\$ 28,768	\$ 26,220	\$
Purchase obligations	76,665	76,665			
Other long-term liabilities (future minimum royalty payments)	1,420	660	540	220	
Total	\$ 187,388	\$ 88,422	\$ 29,308	\$ 26,440	\$

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At March 31, 2007, the Company had un-negotiated open letters of credit for the purchase of inventory of approximately \$3,062.

The Company has an employment agreement with Steven Madden, its Creative and Design Chief, which provides for an annual base salary of \$600 subject to certain specified adjustments through June 30, 2015. The agreement also provides for annual bonuses based on EBITDA, revenue of any new business, and royalty income over \$2 million, plus an equity grant and a non-accountable expense allowance.

On February 7, 2006, the Company acquired all of the equity interest of Daniel M. Friedman. The acquisition was completed for consideration of \$18,710, including transaction costs. In addition, the purchase agreement includes certain earn-out provisions based on financial performance through 2008.

The Company has employment agreements with certain executives, which provide for the payment of compensation aggregating approximately \$2,015 in 2007, \$1,803 in 2008 and \$1,080 in 2009. In addition, some of the employment agreements provide for a discretionary bonus and some provide for incentive compensation based on various performance criteria as well as other benefits. The Chief Operating Officer of the Company is entitled to deferred compensation calculated as a

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percentage of his base salary.

Ninety-nine percent (99%) of the Company's products are produced at overseas locations, the majority of which are located in China, with a small percentage located in Brazil, Italy and Spain. The Company has not entered into any long-term manufacturing or supply contracts with any of these foreign companies. The Company believes that a sufficient number of alternative sources exist outside of the United States for the manufacture of its products. The Company currently makes approximately 99% of its purchases in U.S. dollars.

INVESTING ACTIVITIES

(\$ in thousands)

During the three-month period ended March 31, 2007, the Company invested \$7,671 in marketable securities and received \$18,756 from the maturities and sales of securities. Additionally, the Company made capital expenditures of \$2,138, principally for remodeling of three existing stores, additional office space and upgrades to its computer systems.

FINANCING ACTIVITIES

(\$ in thousands)

During the three-month period ended March 31, 2007, the Company repurchased 710,187 shares of the Company's common stock at an average price of \$29.49 for a total cost of \$20,941.

INFLATION

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

CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

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

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Allowances for bad debts, returns and customer chargebacks. The Company provides reserves against its trade accounts receivables for future customer chargebacks, co-op advertising allowances, discounts, returns and other miscellaneous deductions that relate to the current period. The reserve against the Company's

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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. The Company evaluates anticipated customer markdowns and advertising chargebacks by reviewing several performance indicators for its major customers. These performance indicators (which include inventory levels at the retail floors, sell through rates and gross margin levels) are analyzed by key account executives and the Vice President of Wholesale Sales to estimate the amount of the anticipated customer allowance. Failure to correctly estimate the amount of the reserve could materially impact the Company's results of operations and financial position.

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

Valuation of intangible assets. SFAS No. 142, "Goodwill and Other Intangible Assets", which was adopted by the Company on January 1, 2002, requires that goodwill and intangible assets with indefinite lives no longer be amortized, but rather be tested for impairment at least annually. This pronouncement also requires that intangible assets with finite lives be amortized over their respective lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144 "Accounting for Impairment or Disposal of Long-lived Assets." In accordance with SFAS No. 144, long-lived assets, such as property, equipment, leasehold improvements and goodwill subject to amortization, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized 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 the Company's 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 their estimates. Such revisions in management's estimates of the contingent liability could materially impact the Company's results of operation and financial position.

Cost of sales. All costs incurred to bring finished products to the Company's distribution center and, in the retail division, the costs to bring products to the company's stores, are included in the cost of sales line item on the

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

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

The Company does not engage in the trading of market risk sensitive instruments in the normal course of business. Financing arrangements for the Company are subject to variable interest rates primarily based on LIBOR. An analysis of the Company's credit agreements with GMAC and Wells Fargo Century can be found in Liquidity and Capital Resources section under Item 2 of this document.

As of March 31, 2007, the Company held marketable securities valued at \$78,582, which consist primarily of corporate and municipal bonds, U.S. treasury notes, certificates of deposit and government asset-backed securities that have various maturities through December 2009, as well as marketable equity securities. These investments are subject to interest rate risk and will decrease in value if market interest rates increase. The Company currently has the ability to hold these investments until maturity. In addition, any decline in interest rates would be expected to reduce the Company's interest income.

ITEM 4. CONTROLS AND PROCEDURES

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures as of the end of the fiscal quarter covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were, as of the end of the fiscal quarter covered by this quarterly report, effective to ensure that information required to be disclosed by the Company in reports that it files or submits 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 the Company's 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, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the Company's internal controls over financial reporting to determine whether any changes occurred during the quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

Part II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Certain legal proceedings in which the Company is involved are discussed in Note L and Part I, Item 3 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. The following discussion is limited to recent developments concerning certain of the Company's legal proceedings and should be read in conjunction with the Company's earlier SEC Reports. Unless otherwise indicated, all proceedings discussed in those earlier reports remain outstanding.

On August 10, 2005, the U.S. Customs Department ("Customs") issued a report that asserts that certain commissions which the Company treated as buying agents' commissions (which are non-dutiable) should be treated as "selling agents' commissions" and hence are dutiable. In the report, Customs estimates that the Company had underpaid duties during the calendar years of 1998 through 2004 in the amount of \$1,051,000. Based on discussions with legal counsel, the Company believes that the maximum liability in this case is not likely to exceed \$1,500,000. Accordingly, the Company recorded a reserve of \$1,500,000 during the year ended December 31, 2006. Such reserve is subject to change to reflect the status of this matter.

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 1A. RISK FACTORS

The risk factors included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 have not materially changed.

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

The following table provides information as of March 31, 2007 with respect to the shares of common stock repurchased by the Company during the first quarter of 2007:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)
1/1/07 - 1/31/07	0	\$0	0
2/01/07 - 2/28/07	0	\$0	0
3/1/07 - 3/31/07	710,187	\$29.49	710,187

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Total	710,187	\$29.49	710,187
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- (1) On February 27, 2007, the Board of Directors authorized the Company to repurchase up to \$30 million of the Company's common stock in addition to the amount previously authorized.

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ITEM 6. EXHIBITS

- 10.1 Employment Agreement with Robert Schmertz dated March 9, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 13, 2007).
- 10.2 Amendment to the Earn-Out Agreement, dated as of April 10, 2007, by and among the Company, Daniel M. Friedman, Daniel M. Friedman & Associates, Inc. and DMF International, Ltd. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 16, 2007).
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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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, 2007

STEVEN MADDEN, LTD.

/s/ JAMIESON A. KARSON

Jamieson A. Karson
Chairman and Chief Executive Officer

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/s/ ARVIND DHARIA

Arvind Dharía
Chief Financial Officer

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Exhibit No -----	Description -----
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