STEVEN MADDEN, LTD.
Form DEF 14A
April 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to § 240.14a-12

STEVEN MADDEN, LTD.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

STEVEN MADDEN, LTD.
52-16 BARNETT AVENUE
LONG ISLAND CITY, NY 11104

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 22, 2009

To the Stockholders of Steven Madden, Ltd.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Annual Meeting) of the Company will be held on May 22, 2009, at the Company s showroom located at 1370 Avenue of the Americas, 14th Floor, New York, New York at 10:00 a.m., local time, and thereafter as it may from time to time be adjourned, for the purposes stated below.

1. To elect six directors to the Board of Directors of the Company to serve until the next annual meeting of the Company s stockholders and until their successors are duly elected and qualified or until their earlier death, resignation or removal from office;

2. To approve the amendment and restatement of the Company s 2006 Stock Incentive Plan to increase by 2,514,000 the number of shares available under the plan, approve the plan s performance goals and make other amendments, as described in the Company s Proxy Statement;

3. To ratify the appointment of Eisner LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2009; and

4. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

All stockholders are cordially invited to attend the Annual Meeting. Only those stockholders of record at the close of business on March 23, 2009 are entitled to notice of and to vote at the Annual Meeting and any adjournments thereof. A complete list of stockholders entitled to vote at the Annual Meeting will be available for ten days prior to the Annual Meeting for any purpose germane to the meeting, between the hours of 9:00 a.m. and 4:30 p.m., local time, at the Company s principal executive offices at 52-16 Barnett Avenue, Long Island City, NY 11104, by contacting the Secretary of the Company, and will be available at the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 22, 2009

Our notice of annual meeting and proxy statement, annual report, electronic proxy card and any other annual meeting materials are available on the Internet at www.proxyvote.com together with any amendments to any of these materials.

BY ORDER OF THE BOARD OF DIRECTORS

April 9, 2009

/s/ Arvind Dharia
Arvind Dharia
Secretary

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE DATE AND SIGN THE ACCOMPANYING FORM OF PROXY AND MAIL IT PROMPTLY IN THE ENVELOPE PROVIDED TO VOTE PROCESSING, C/O BROADRIDGE, 51 MERCEDES WAY, EDGEWOOD, NEW YORK 11717. ALTERNATIVELY, YOU MAY VOTE YOUR SHARES BY TELEPHONE OR THROUGH THE INTERNET AS DESCRIBED ON THE ACCOMPANYING PROXY CARD.

STEVEN MADDEN, LTD.
52-16 BARNETT AVENUE
LONG ISLAND CITY, NY 11104

PROXY STATEMENT

INTRODUCTION

This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders and form of proxy are being furnished to the holders of common stock of Steven Madden, Ltd., a Delaware corporation (the Company), in connection with the solicitation of proxies by the Board of Directors of the Company (the Board of Directors or the Board) for use at the 2009 Annual Meeting of Stockholders of the Company (the Annual Meeting) to be held at the Company s showroom located at 1370 Avenue of the Americas, 14th Floor, New York, New York on Friday, May 22, 2008 at 10:00 a.m., local time, and at any adjournments thereof. These proxy materials are being sent on or about April 9, 2009 to holders of record of common stock, $.0001 par value, of the Company (the Common Stock) at the close of business on March 23, 2009 (the Record Date). The Company s Annual Report for the fiscal year ended December 31, 2008 (2008 Fiscal Year), including audited financial statements, is being sent to stockholders together with these proxy materials.

The Annual Meeting has been called to consider and take action on the following proposals: (i) to elect six directors to the Board of Directors of the Company to serve until the next annual meeting of the Company s stockholders and until their successors are duly elected and qualified or until their earlier death, resignation or removal from office, (ii) to approve the amendment and restatement of the Company s 2006 Stock Incentive Plan to increase by 2,514,000 the number of shares available under the plan, approve the plan s performance goals and make other amendments, as described in this Proxy Statement, (iii) to ratify the appointment of Eisner LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2009, and (iv) to transact such other business as may properly come before the Annual Meeting or any adjournments thereof. The Board of Directors knows of no other matters to be presented for action at the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the persons named in the proxy will vote on such other matters and/or for other nominees in accordance with their best judgment. The Company s Board of Directors recommends that the stockholders vote in favor of each of the proposals. Only holders of record of Common Stock of the Company at the close of business on the Record Date will be entitled to vote at the Annual Meeting.

The principal executive offices of the Company are located at 52-16 Barnett Avenue, Long Island City, New York 11104 and its telephone number is (718) 446-1800.

INFORMATION CONCERNING SOLICITATION AND VOTING

As of the Record Date, there were outstanding 17,938,562 shares of Common Stock (excluding treasury shares) held by approximately 115 holders of record and 33,091 beneficial owners. Only holders of shares of Common Stock on the Record Date will be entitled to vote at the Annual Meeting. The holders of Common Stock are entitled to one vote on each matter presented at the meeting for each share held of record.

The presence, in person or by proxy, of the holders of a majority of the shares eligible to vote is necessary to constitute a quorum in connection with the transaction of business at the Annual Meeting. Abstentions and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons eligible to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business. If a quorum should not be present, the Annual Meeting may be adjourned until a quorum is obtained.

Abstentions and broker non-votes will have no effect on the election of directors (Proposal One), which is by plurality vote.

Abstentions will, in effect, be votes against the approval of the amendment and restatement of the Company s 2006 Stock Incentive Plan (Proposal Two), as this item requires the affirmative vote of a majority of the shares present and entitled to vote on such item. Broker non-votes will not be considered votes cast on Proposal Two, and the shares represented by broker non-votes with respect to this proposal will be considered present but not entitled to vote on this proposal. Broker non-votes will therefore have no effect on the approval of the amendment and restatement of the Company s 2006 Stock Incentive Plan (Proposal Two).

Abstentions will, in effect, be votes against the ratification of the selection of the independent registered public accounting firm (Proposal Three), as this item requires the affirmative vote of a majority of the shares present and entitled to vote on such item. Broker non-votes will not be considered votes cast on Proposal Three, and the shares represented by broker non-votes with respect to this proposal will be considered present but not entitled to vote on this proposal. Broker non-votes will therefore have no effect on the ratification of the selection of the independent registered public accounting firm (Proposal Three).

Brokers who hold shares in street name may vote in their discretion on behalf of beneficial owners from whom they have not received instruction with respect to routine matters. Proposals One and Three should be treated as routine matters. Proposal Two should be treated as a non-routine matter.

The expense of preparing, printing and mailing this Proxy Statement, the exhibits hereto and the proxies solicited hereby will be borne by the Company. In addition to the use of the mails, proxies may be solicited by officers and directors and regular employees of the Company, without additional remuneration, by personal interviews, telephone, telegraph or facsimile transmission. The Company will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of Common Stock held of record by them and will provide reimbursements for the cost of forwarding the material in accordance with customary charges. The Company has entered into an agreement with D.F. King & Co., Inc. to assist in the solicitation of proxies and provide related advice and informational support. The total expense of this engagement, which will be borne by the Company, including customary disbursements, is not expected to exceed $20,000 in the aggregate.

Proxies given by stockholders of record for use at the Annual Meeting may be revoked at any time prior to the exercise of the powers conferred. In addition to revocation in any other manner permitted by law, stockholders of record giving a proxy may revoke the proxy by an instrument in writing, executed by the stockholder or his attorney authorized in writing, or, if the stockholder is a corporation by an officer or attorney thereof duly authorized, and deposited either at the principal executive offices of the Company at any time up to and including the last business day preceding the day of the Annual Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such Annual Meeting on the day of the Annual Meeting or adjournment thereof and prior to the vote upon such matters, and upon either of such deposits the proxy shall be revoked. In addition, you can revoke your proxy by completing and submitting a later-dated proxy, by voting again by Internet or telephone, or by attending the annual meeting and voting in person, provided that attendance at the Annual Meeting will not have the effect of revoking your properly executed or authorized proxy unless you deposit a written revocation as described in the preceding sentence before your proxy is voted. If you have instructed a broker to vote your shares and wish to change your vote, you must follow directions received from your broker to change those instructions.

ALL PROXIES RECEIVED WILL BE VOTED IN ACCORDANCE WITH THE CHOICES SPECIFIED ON SUCH PROXIES. PROXIES WILL BE VOTED IN FAVOR OF A PROPOSAL IF NO CONTRARY SPECIFICATION IS MADE. ALL VALID PROXIES OBTAINED WILL BE VOTED AT THE DISCRETION OF THE PERSONS NAMED IN THE PROXY WITH RESPECT TO ANY OTHER BUSINESS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOUNMENTS OR POSTPONEMENTS THEREOF.

None of the matters to be acted on at the Annual Meeting give rise to any statutory right of a stockholder to dissent and obtain the appraisal of or payment for such stockholder s shares.

MATTERS TO BE CONSIDERED AT ANNUAL MEETING

PROPOSAL ONE

ELECTION OF DIRECTORS

Under the Amended and Restated By-Laws of the Company (the By-Laws), the Board of Directors of the Company is required to be comprised of a minimum of one director. Subject to the foregoing limitation, the number of directors may be fixed from time to time by action of the directors. The Company s Board of Directors presently consists of six directors whose terms expire at the Annual Meeting.

The Nominating/Corporate Governance Committee of the Board of Directors and the Board of Directors have nominated and are recommending the election of each of the six nominees set forth below to serve as a director of the Company until the next annual meeting of the Company s stockholders and until his successor is duly elected and qualified or until his earlier death, resignation or removal from office. The names and biographical summaries of the six persons who have been nominated by the Nominating/Corporate Governance Committee of the Board of Directors and the Board of Directors to stand for election at the Annual Meeting have been provided below for your information.

BIOGRAPHICAL SUMMARIES OF NOMINEES FOR THE BOARD OF DIRECTORS

Edward R. Rosenfeld has served as Chief Executive Officer and Chairman of the Board of Directors of the Company since August 8, 2008. Mr. Rosenfeld had served as interim Chief Executive Officer of the Company from March 24, 2008 until August 8, 2008. Mr. Rosenfeld was formerly the Executive Vice President of Strategic Planning and Finance and has been a member of the executive management team since joining the Company in May 2005. Mr. Rosenfeld has also been serving as a member of the Board of Directors since February 2008. Prior to joining the Company, Mr. Rosenfeld was a Vice President in the mergers and acquisitions group at Peter J. Solomon Company, an investment banking boutique, where he focused on the retail and apparel industries.

John L. Madden has been a director of the Company since the Company s inception. From June 2004, Mr. Madden s consulting company, JLM Consultants, Inc., has provided consulting services with respect to international sales of the Company. From April 1998 through September 2003, Mr. Madden owned a branch office of Tradeway Securities Group, Inc. in Florida. From May 1996 through December 1996, Mr. Madden s consulting company, JLM Consultants, Inc., acted as a branch office of Merit Capital, Inc. for several broker-dealers. From May 1994 to May 1996, Mr. Madden served as Vice President of Investments for GKN Securities, Inc. From August 1993 to April 1994, Mr. Madden was employed by Biltmore Securities, Inc. as Managing Director and registered sales representative. Mr. Madden is the brother of Steven Madden, the Company s founder and Creative and Design Chief. See --Certain Relationships and Related Transactions.

Peter Migliorini has been a director of the Company since October 1996. Mr. Migliorini has served as Sales Manager for Greschlers, Inc., a supply company located in Brooklyn, New York, since 1994. From 1987 to 1994, Mr. Migliorini served as Director of Operations for Mackroyce Group. Mr. Migliorini has previously served in a number of capacities, ranging from Assistant Buyer to Chief Planner/Coordinator, for several shoe companies, including Meldisco Shoes, Perry Shoes and Fasco Shoes.

Richard P. Randall has been a director of the Company since April 2006. Mr. Randall was the Executive Vice President and Chief Financial Officer of Direct Holdings Worldwide, LLC, the parent company of Lillian Vernon Corp. and TimeLife, from 2002 until his retirement in June 2005. Previously, Mr. Randall served as Senior Vice President and Chief Financial Officer of Coach, Inc. and the Chief Operating Officer and Chief Financial Officer of Lillian Vernon Corp. from 2000 to 2001 and 1998 to 2000, respectively. Currently, Mr. Randall serves as a Director, and chairs the Audit Committee, of The Burke Rehabilitation Hospital.

Ravi Sachdev has been a director of the Company since September 2008. Mr. Sachdev has served as a Managing Director at Deutsche Bank Securities, Inc. since January 2009. From January 2007 until January 2009, Mr. Sachdev was a Director at Deutsche Bank Securities, Inc. Mr. Sachdev joined Deutsche Bank Securities, Inc. in 2006 as a Vice President. At Deutsche Bank Securities, Inc., Mr. Sachdev has focused on the healthcare services subsector. From 1998 to 2006, Mr. Sachdev was a Vice President at Peter J. Solomon Company, specializing in Mergers & Acquisitions within the healthcare sector.

Thomas H. Schwartz has been a director of the Company since May 2004. Since March 2007, Mr. Schwartz has been the Chief Executive Officer and sole owner of Sumner and Forge Investors LLC, a company that invests in real estate and manages properties in which it has ownership interests. Previously, Mr. Schwartz was a Managing Director of Helmsley-Spear, Inc. from 1984 to March 2007.

REQUIRED VOTE

Proxies will be voted for the election of the six nominees as directors of the Company unless otherwise specified on the proxy. A plurality of the votes cast by the holders of shares of Common Stock present in person or represented by proxy at the Annual Meeting will be necessary to elect the nominees as directors. If, for any reason, any of the nominees shall be unable or unwilling to serve, the proxies will be voted for a substitute nominee who will be designated by the Board of Directors at the Annual Meeting. Stockholders may abstain from voting by marking the appropriate boxes on the accompanying proxy. Abstentions shall be counted separately and shall be used for purposes of calculating whether a quorum is present at the meeting.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Nominating/Corporate Governance Committee of the Board and the Board unanimously recommend a vote FOR the election of Messrs. John L. Madden, Peter Migliorini, Richard P. Randall, Edward R. Rosenfeld, Ravi Sachdev and Thomas H. Schwartz. Unless otherwise instructed or unless authority to vote is withheld, the accompanying proxy will be voted FOR the election of the above listed nominees and AGAINST any other nominees.

DIRECTOR INDEPENDENCE

The Board of Directors is currently comprised of six members. The Board of Directors has determined that the following director nominees are independent for purposes of the criteria of the Securities and Exchange Commission (SEC) and The Nasdaq Global Select Market listing standards: Messrs. Migliorini, Randall, Sachdev and Schwartz. The Board of Directors had also determined that Walter Yetnikoff, who retired from his position as a director on August 8, 2008, was independent for purposes of the same criteria. If the six nominees set forth above are elected, the Board will be comprised of a majority of independent directors. The Board of Directors has held regularly scheduled executive sessions, with Peter Migliorini serving as Presiding Director of such executive sessions.

DIRECTORS ATTENDANCE AT ANNUAL MEETINGS

The Company encourages all of its directors to attend annual meetings of the Company s stockholders. Four directors attended the Company s 2008 annual meeting of stockholders.

COMMUNICATIONS WITH DIRECTORS

The Company has adopted a procedure by which stockholders may send communications as defined within Item 7(d) of Schedule 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act) to one or more members of the Board of Directors by writing to such director(s) or to the whole Board of Directors in care of the Corporate Secretary, Steven

Madden, Ltd., 52-16 Barnett Avenue, Long Island City, NY 11104. The Board has instructed the Corporate Secretary to review all communications so received and to exercise his discretion not to forward to the Board correspondence that is inappropriate such as business solicitations, frivolous communications and advertising, routine business matters (i.e. business inquiries, complaints, or suggestions) and personal grievances. However, any director may at any time request the Corporate Secretary to forward any and all communications received by the Corporate Secretary but not forwarded to the directors.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors met eight times during the 2008 Fiscal Year. In 2008 each director attended at least 75% of the aggregate of the number of Board meetings and the number of meetings held by all committees on which he then served. The Board of Directors has a standing Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee.

AUDIT COMMITTEE

From January 1 to August 8, 2008, the members of the Audit Committee were Richard P. Randall (Chairman), Peter Migliorini and Walter Yetnikoff. Effective August 8, 2008, Mr. Yetnikoff retired from his position as a director of the Company. On September 11, 2008, Ravi Sachdev became a member of the Audit Committee, such that the members of the Audit Committee were Messrs. Randall (Chairman), Migliorini and Sachdev. The current members of the Audit Committee are Messrs. Randall (Chairman), Migliorini and Sachdev. The Audit Committee is comprised of directors who are independent for purposes of The Nasdaq Global Select Market listing standards and who meet the independence requirements contained in Exchange Act Rule 10A-3(b)(1). The Board has determined that Richard P. Randall meets the SEC criteria of an audit committee financial expert and he is currently serving as such. The Audit Committee is primarily responsible for reviewing the services performed by the Company s independent registered public accountants, evaluating the Company s accounting policies and its system of internal controls, and reviewing significant finance transactions. During 2008, the Audit Committee met eight times.

The Audit Committee is responsible for reviewing and helping to ensure the integrity of the Company s financial statements. Among other matters, the Audit Committee, with management and independent and internal auditors, reviews the adequacy of the Company s internal accounting controls that could significantly affect the Company s financial statements. The Audit Committee is also directly and solely responsible for the appointment, retention, compensation, oversight and termination of the Company s independent registered public accountants. In addition, the Audit Committee also functions as the Company s Qualified Legal Compliance Committee (the QLCC). The purpose of the QLCC is to receive, retain and investigate reports made directly, or otherwise made known, of evidence of material violations of any United States federal or state law, including any breach of fiduciary duty by the Company, its officers, directors, employees or agents, and if the QLCC believes appropriate, to recommend courses of action to the Company.

The Audit Committee meets with management periodically to consider the adequacy of the Company s internal controls and the objectivity of its financial reporting. The Audit

Committee discusses these matters with the Company s independent registered public accountants and with appropriate Company financial personnel. Meetings are held with the independent registered public accountants who have unrestricted access to the Audit Committee. In addition, the Audit Committee reviews the Company s financing plans and reports recommendations to the full Board of Directors for approval and to authorize action. The Board has adopted a written charter setting out the functions the Audit Committee is to perform. A copy of the Audit Committee Charter is available on the Company s website at www.stevemadden.com.

Management has primary responsibility for the Company s financial statements and the overall reporting process, including the Company s system of internal controls. The independent registered public accountants audit the annual financial statements prepared by management, express an opinion as to whether those financial statements present fairly the financial position, results of operations and cash flows of the Company in conformity with accounting principles generally accepted in the United States of America and discuss with the Audit Committee any issues they believe should be raised with the Audit Committee.

AUDIT COMMITTEE REPORT

The Audit Committee reviewed the Company s audited financial statements for the 2008 Fiscal Year and met with both management and Eisner LLP, the Company s independent registered public accountants, to discuss such audited financial statements. Management and the Company s independent registered public accountants have represented to the Audit Committee that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit Committee has received from and discussed with Eisner LLP the written disclosures and the letter regarding Eisner LLP s communications with the Audit Committee concerning independence as required by applicable requirements of the Public Company Accounting Oversight Board, and discussed Eisner LLP s independence. The Audit Committee also discussed with Eisner LLP any matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. Based on these reviews and discussions, the Audit Committee recommended to the Board that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K for the 2008 Fiscal Year.

Submitted by the Audit Committee of the Company s Board of Directors:

Richard P. Randall (Chairman)

Peter Migliorini

Ravi Sachdev

NOMINATING/CORPORATE GOVERNANCE COMMITTEE

From January 1 to August 8, 2008, the members of the Nominating/Corporate Governance Committee of the Board of Directors were Peter Migliorini and Walter Yetnikoff. Effective August 8, 2008, Mr. Yetnikoff retired from his position as a director of the Company.

On September 5, 2008, Richard P. Randall became a member of the Nominating/Corporate Governance Committee, such that the members of the Nominating/Corporate Governance Committee were Messrs. Migliorini and Randall. The current members of the Nominating/Corporate Governance Committee are Messrs. Migliorini and Randall. The Nominating/Corporate Governance Committee is comprised of directors who are independent for purposes of The Nasdaq Global Select Market listing standards. The Nominating/Corporate Governance Committee considers and makes recommendations to the Board of Directors with respect to the size and composition of the Board of Directors and identifies potential candidates to serve as directors. The Nominating/Corporate Governance Committee identifies candidates to the Board of Directors by introductions from management, members of the Board of Directors, employees or other sources and stockholders that satisfy the Company s policy regarding stockholder recommended candidates. The Nominating/Corporate Governance Committee does not evaluate director candidates recommended by stockholders differently than director candidates recommended by other sources. A copy of the Nominating/Corporate Governance Committee Charter is available on the Company s website at www.stevemadden.com.

Stockholders wishing to submit recommendations for director nominations for the 2010 Annual Meeting should write to the Corporate Secretary, Steven Madden, Ltd., 52-16 Barnett Avenue, Long Island City, NY 11104. Any such stockholder must (x) comply with the director nomination provisions of the Company s By-Laws, (y) meet and evidence the minimum eligibility requirements specified in Exchange Act Rule 14a-8, and (z) submit, within the same timeframe for submitting a stockholder proposal required by Rule 14a-8: (1) evidence in accordance with Rule 14a-8 of compliance with the stockholder eligibility requirements, (2) the written consent of the candidate(s) for nomination as a director, (3) a resume or other written statement of the qualifications of the candidate(s) for nomination as a director, and (4) all information regarding the candidate(s) and the submitting stockholder that would be required to be disclosed in a proxy statement filed with the SEC if the candidate(s) were nominated for election to the Board of Directors.

In considering Board of Directors candidates, the Nominating/Corporate Governance Committee takes into consideration the Company s Board Candidate Guidelines, available on the Company s website at www.stevemadden.com, the Company s policy regarding stockholder recommended director candidates, as set forth above, and all other factors that they deem appropriate, including, but not limited to, the individual s character, education, experience, knowledge and skills. In addition, the Nominating/Corporate Governance Committee develops and recommends corporate governance principles for the Company; makes recommendations to the Board of Directors in support of such principles; takes a leadership role in the shaping of the corporate governance of the Company; and oversees the evaluation of the Board of Directors and management.

During 2008, the Nominating/Corporate Governance Committee met once and acted once by unanimous written consent.

COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors for the year ended December 31, 2008 consisted of directors Peter Migliorini (Chairman) and Thomas H. Schwartz. The Compensation Committee is comprised of directors who are independent for purposes of The

Nasdaq Global Select Market listing standards and applicable tax and securities rules. The Compensation Committee is responsible for establishing and modifying the Company s compensation and incentive plans and programs; determining and approving compensation for the Company s executive officers, including salaries, bonuses, perquisites and equity awards; reviewing and approving compensation and awards for the Company s executive officers under the Company s compensation and incentive plans and programs; administering the Company s equity compensation plans; reviewing and approving a compensation program for outside members of the Board; and assisting the Board in discharging the Board s responsibilities relating to management organization, performance, compensation and succession.

The Compensation Committee operates under a formal charter adopted by the Board of Directors that governs its composition, powers and responsibilities. A copy of the Compensation Committee Charter is available on the Company s website at www.stevemadden.com. During 2008, the Compensation Committee met once, and acted six times by unanimous written consent.

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION OBJECTIVES AND STRATEGY

The Company s executive officer compensation program is designed to attract and retain the caliber of officers needed to ensure the Company s continued growth and profitability and to reward them for their performance, the Company s performance and for creating longer term value for stockholders. The primary objectives of the program are to:

- align rewards with performance that creates stockholder value;
- support the Company s strong team orientation;
- encourage high-potential team players to build a career at the Company; and
- provide rewards that are cost-efficient, competitive with other organizations and fair to employees and stockholders.

The Company s executive compensation programs are approved and administered by the Compensation Committee of the Board of Directors. Working with management and outside advisors, the Compensation Committee has developed a compensation and benefits strategy that rewards performance and reinforces a culture that the Compensation Committee believes will drive long-term success.

The compensation program rewards team accomplishments while promoting individual accountability. The executive officer compensation program depends in significant measure on Company results, but business unit results and individual accomplishments are also very important factors in determining each executive s compensation. The Company has a robust planning and goal-setting process that is fully integrated into the compensation system, enhancing a strong relationship between individual efforts, Company results, and financial rewards.

A major portion of total compensation is placed at risk through annual and long-term incentives. As a result of a decline in 2008 profitability, bonuses linked to profitability were not paid. As noted below, discretionary bonuses were paid to Named Executive Officers (as defined herein). The combination of incentives is designed to balance annual operating objectives and Company earnings performance with longer-term stockholder value creation.

The Company seeks to provide competitive compensation that is commensurate with performance. The Company targets compensation at the median of the market, and calibrates both annual and long-term incentive opportunities to generate less-than-median awards when goals are not fully achieved and greater-than-median awards when goals are exceeded.

The Company seeks to promote a long-term commitment to the Company by its senior executives. The Company believes that there is great value to the Company in having a team of long-tenured, seasoned managers. The Company s team-focused culture and management processes are designed to foster this commitment. In addition, stock options granted to Named Executive Officers in 2008 reinforce this long-term orientation with annual vesting over a three-year or five-year period.

ROLE OF THE COMPENSATION COMMITTEE

General

The Compensation Committee provides overall guidance for the Company s executive compensation policies and determines the amounts and elements of compensation for the Company s executive officers and outside directors. The Compensation Committee currently consists of two members of the Company s Board of Directors, Messrs. Migliorini and Schwartz, each of whom is an independent director under Nasdaq s Rule 4200, a non-employee director as defined under the SEC s rules and an outside director as defined under Section 162(m) of the Internal Revenue Code (the Code).

When considering decisions concerning the compensation of executives, other than the Chief Executive Officer, the Compensation Committee asks for the recommendations of the Chief Executive Officer, including his detailed evaluation of each executive s performance. No executive has a role in recommending compensation for outside directors. With respect to the application of the 2006 Stock Incentive Plan (the 2006 Plan), as amended, to non-employee directors, the Board of Directors functions as the Compensation Committee.

Use of Outside Advisors

In making its determinations with respect to executive compensation, the Compensation Committee has historically engaged the services of an independent compensation consulting firm. In 2005, the Compensation Committee retained the services of James F. Reda & Associates, LLC to assist with its review of the compensation package of the Chief Executive Officer and other executive officers for 2006. In 2007 and 2008, James F. Reda & Associates, LLC was retained to assist the Compensation Committee with several special projects, including advice on director compensation, advice relating to the 2006 Plan, as amended, including the use of restricted stock under the Company s long term incentive program, and appropriate compensation for new hires at senior executive positions.

The Compensation Committee retains James F. Reda & Associates, LLC directly, although in carrying out assignments, James F. Reda & Associates, LLC also interacts with Company management when necessary and appropriate in order to obtain compensation and performance data for the executives and the Company. In addition, James F. Reda & Associates, LLC may, in its discretion, seek input and feedback from management regarding its consulting work product prior to presentation to the Compensation Committee in order to confirm alignment with the Company s business strategy and identify data questions or other similar issues, if any, prior to presentation to the Compensation Committee.

The Compensation Committee has the sole authority to retain, terminate and set the terms of the Company s relationship with any outside advisors who assist the Committee in carrying out its responsibilities.

COMPENSATION STRUCTURE

Pay Elements - Overview

The Company utilizes four main components of compensation:

- Base Salary
- Annual Performance-based Cash Bonuses
- Long-term Equity Incentives (consisting of stock options and restricted stock)
- Benefits and Perquisites

Pay Elements - Details

Base Salary. The Company paid base salaries to each of the Named Executive Officers to provide them with fixed pay that takes into account the Named Executive Officer s role and responsibilities, experience, expertise and individual performance. As more fully described in --Employment Arrangements, as of December 31, 2008, the Company had employment agreements with each of the Named Executive Officers other than Jamieson A. Karson.[1] You should refer to that section of this Proxy Statement for a full description of each

Named Executive Officer s base salary. The Compensation Committee, as constituted at the time the parties entered into the employment agreements, reviewed and approved the salary established in each such agreement. The Compensation Committee took into account each of the employee s historic salary, value in the marketplace and performance (including at the Company and previous employment). Under their respective employment agreements, the base salaries of Edward R. Rosenfeld, Robert Schmertz, Awadhesh Sinha and Amelia Newton Varela remain constant during the term of their employment agreements. Under Mr. Dharia s employment agreement, his base salary increased from $435,625 in 2007 to $457,406 in 2008 and is scheduled to increase by 5% in 2009. See --Summary Compensation Table and --Employment Arrangements. Salary increases for officers are generally consistent with those of other management employees.

(1) Effective March 24, 2008, Mr. Karson resigned from his position as Chief Executive Officer, director and Chairman of the Board of Directors of the Company. See -- Employment Arrangements.

Annual Performance-based Cash Bonus. Each Named Executive Officer s annual performance-based cash bonus is established in their respective employment agreement. The Compensation Committee reviewed and approved the bonus provisions set in each such employment agreement at the time the parties entered into such agreements. Such bonus provisions generally provide for variable or discretionary bonuses designed to reward attainment of business goals. The amount, if any, of the annual performance-based cash bonuses of Messrs. Rosenfeld, Dharia and Schmertz is entirely within the discretion of the Board of Directors or the Compensation Committee. The Board of Directors and/or the Compensation Committee consider various criteria, including revenue growth and profitability. Based on these and other individual performance factors, the Compensation Committee paid bonuses of $75,000, $50,000, and $250,000 respectively to Messrs. Rosenfeld, Dharia, and Schmertz.

Mr. Sinha s annual performance-based cash bonus is tied to increases in the Company s EBIT from the preceding year. Mr. Sinha is entitled to an annual performance-based cash bonus equal to 3% of the increase in the Company s EBIT for such fiscal year over the EBIT of the immediately prior fiscal year. Ms. Varela is entitled to an annual performance-based cash bonus for each fiscal year in an amount equal to 2% of the increase, if any, in Wholesale Footwear division EBIT for that year over Wholesale Footwear division EBIT for the immediately prior year, plus 1.5% of the increase, if any, in Retail division EBIT for that year over Retail division EBIT for the immediately prior year. See --Employment Arrangements. Each of Mr. Sinha s and Ms. Varela s annual performance-based cash bonus targets were set to drive the business of their respective divisions. Neither received a bonus for 2008 EBIT performance. Ms. Varela did receive a $250,000 discretionary bonus for 2008.

Long-term Equity Incentives. Management and the Compensation Committee believe that equity-based awards are an important factor in aligning the long-term financial interest of the officers and stockholders. The Compensation Committee continually evaluates the use of equity-based awards and intends to continue to use such awards in the future as part of designing and administering the Company s compensation program. Beginning in 2006, the Compensation Committee replaced its practice of granting equity incentives solely in the form of stock options with restricted stock awards in order to grant awards that contain both substantial incentive and retention characteristics. These awards are designed to provide emphasis on preserving stockholder values generated in recent years while providing significant incentives for continuing growth in stockholder value.

For 2008, the Compensation Committee felt it was important to provide incentives that are more responsive to shareholder value and therefore granted stock options to Messrs. Rosenfeld and Sinha and to Ms. Varela. All grants were approved by the Compensation Committee. The committee intends to continue to review the ideal equity mix for influencing performance and retention. With respect to stock options, the 2006 Plan, as amended, provides that the exercise price shall be the closing market price per share on the business day immediately preceding the grant date, which is fair market value for purposes of the 2006 Plan, as amended.

Other Benefits and Perquisites. The Company s executive compensation program also includes other benefits and perquisites. These benefits include annual matching contributions to executive officers 401(k) plan accounts, company-paid medical benefits, automobile allowances and leased automobiles, and life insurance coverage. The Compensation Committee annually reviews these other benefits and perquisites and makes adjustments as warranted based on competitive practices, the Company s performance and the individual s responsibilities and performance. The Compensation Committee has approved these other benefits and perquisites as a reasonable component of the Company s executive officer compensation program. (See the All Other Compensation column and corresponding footnotes in the Summary Compensation Table.)

Pay Mix

The Company utilizes the particular elements of compensation described above because the Company believes that it provides a well-proportioned mix of secure compensation, retention value and at-risk compensation which produces short-term and long-term performance incentives and rewards. By following this approach, the Company provides the executive a measure of security in the minimum expected level of compensation, while motivating the executive to focus on business metrics and other variables within their particular sector which will increase sales and margins and at the same time lower costs so as to produce a high level of short-term and long-term performance for the Company and long-term wealth creation for the executive, as well as reducing the risk of recruitment of top executive talent by competitors. The mix of metrics used for the annual performance bonuses and the Company s long-term incentive program likewise provides an appropriate balance between short-term financial performance and long-term stock performance.

For Named Executive Officers, the mix of compensation is weighted heavily toward at-risk pay (annual incentives and long-term incentives). Maintaining this pay mix results fundamentally in a pay-for-performance orientation for the Company s executives, which is aligned with the Company s stated compensation philosophy of providing compensation commensurate with performance.

Pay Levels and Benchmarking

Pay levels for executives are determined based on a number of factors, including the individual s roles and responsibilities within the Company, the individual s experience and expertise, the pay levels for peers within the Company, pay levels in the marketplace for similar positions and performance of the individual and the Company as a whole. The Compensation Committee is responsible for approving pay levels for the Named Executive Officers. In determining the pay levels, the Compensation Committee considers all forms of compensation and benefits.

The Compensation Committee assesses competitive market compensation using a number of sources. The primary data source used in setting competitive market levels for the Named Executive Officers is the information publicly disclosed by a peer group of the Company, which will be reviewed annually and may change from year to year. The peer group of companies is American Apparel Inc., bebe stores inc., Brown Shoe Company Inc., Collective Brands, Inc., Crocs Inc., Deckers Outdoor Corp., Delta Apparel Inc., Perry Ellis International Inc., G-III Apparel Group Inc., Genesco Inc., Guess?, Inc., Iconix Brand Group Inc., Jones Apparel Group Inc., K-Swiss Inc., Kenneth Cole Productions Inc., Maidenform Brands Inc., Movado Group Inc., Rocky Brands Inc., SKECHERS USA Inc., Timberland Company, Under Armour Inc., Volcom Inc., Weyco Group Inc., and Wolverine World Wide Inc.

After consideration of the data collected on external competitive levels of compensation and internal needs, the Compensation Committee makes decisions regarding the Named Executive Officer s target total compensation opportunities based on the need to attract, motivate and retain an experienced and effective management team.

Relative to the competitive market data, the Compensation Committee generally intends that the base salary and target annual incentive compensation for each Named Executive Officer will be at the median of the competitive market.

As noted above, notwithstanding the Company s overall pay positioning objectives, pay opportunities for specific individuals vary based on a number of factors such as scope of duties, tenure, institutional knowledge and/or difficulty in recruiting a new executive. Actual total compensation in a given year will vary above or below the target compensation levels based primarily on the attainment of operating goals and the creation of stockholder value.

Compensation Committee Discretion

The Compensation Committee retains the discretion to decrease all forms of incentive payouts based on significant individual or Company performance shortfalls, with the exception of any such payouts that are to be made pursuant to contractual commitments such as the bonuses that may be paid to Mr. Sinha and Ms. Varela, which are tied to the Company s EBIT for the preceding year pursuant to their respective employment agreements. Likewise, the Compensation Committee retains the discretion to increase payouts and/or consider special awards for significant achievements, including, but not limited to, superior asset management, investment or strategic accomplishments and/or consummation of acquisitions, divestitures, capital improvements to existing properties, or sales made by certain of the Company s divisions.

Conclusion

The level and mix of compensation that is finally decided upon is considered within the context of both the objective data from the Company s competitive assessment of compensation and performance, as well as discussion of the subjective factors as outlined above. The Compensation Committee believes that each of the compensation packages for the Named Executive Officers is within the competitive range of practices when compared to the objective comparative data even where subjective factors have influenced the compensation decisions.

POST TERMINATION, CHANGE IN CONTROL AND NON-COMPETE/NON-SOLICITATION

The employment agreements for all the Named Executive Officers provide for severance payment upon a termination upon a change-in-control of the Company. These payments however, are cutback if the severance benefit, when added to any other benefits triggered by a change-of-control, exceeds three times the executive s average taxable compensation for the five calendar years preceding the change of control. The threshold to which this cutback is made is referred to as the Internal Revenue Code 280G threshold. The Company s employment agreements with Messrs. Rosenfeld, Dharia, Sinha and Ms. Varela also provide for severance payments to each executive if the Company terminates the executive s employment without cause, or if the Company gives the executive good reason to terminate employment. Refer to the section of this Proxy Statement titled Employment Arrangements for a summary description of the agreements and such severance and change-in-control provisions. These benefits are described and quantified in the section entitled Potential Payments Upon Termination or Change-In-Control under Directors and Executive Officers, below.

The Company believes that the severance payments and payments made upon change-in-control provisions in the employment agreements provide appropriate protection to the Company s executives, comparable to that available at peer companies, and, with regard to the enhanced severance following a change-in-control, protects the Company from losing key executives during a period when a change-in-control may be threatened or pending. These benefits are described and quantified in the section entitled Potential Payments Upon Termination or Change-In-Control under Directors and Executive Officers, below.

Mr. Schmertz and Ms. Varela have agreed to a non-compete and non-solicitation restriction for a one-year period in the event of a voluntary termination or termination for cause. In addition, Mr. Sinha has agreed to a non-compete and non-solicitation restriction for a six-month period, unless he is terminated other than for cause, or due to total disability, in which case his non-compete and non-solicitation period shall last the lesser of six months or the number of months he is entitled to payment following such termination. Messrs. Rosenfeld and Dharia do not have non-compete or non-solicitation provisions in their respective employment agreements.

IMPACT OF TAX AND ACCOUNTING

As a general matter, the Compensation Committee considers the various tax and accounting implications of compensation vehicles employed by the Company.

While the Compensation Committee reviews and considers both the accounting and tax effects of various components of compensation, these effects are not a significant factor in the Compensation Committee s allocation of compensation among the different components. In general, the Company believes that compensation paid to executive officers should be deductible for U.S. tax purposes. In certain instances, however, the Compensation Committee also believes that it is in the Company s best interests, and that of its stockholders, to have the flexibility to pay compensation that is not deductible under the limitations of Section 162(m) of the Code in order to provide a compensation package consistent with the Company s objectives.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the 2008 Fiscal Year, the following directors served on the Compensation Committee: Peter Migliorini (chairman) and Thomas H. Schwartz. During the 2008 Fiscal Year:

- none of the members of the Compensation Committee was an officer (or former officer) or employee of the Company or any of its subsidiaries;
- none of the members of the Compensation Committee had a direct or indirect material interest in any transaction in which the Company was a participant and the amount involved exceeded $120,000;
- none of the Company s executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity s executive officers served on the Company s Compensation Committee;
- none of the Company s executive officers was a director of another entity where one of that entity s executive officers served on the Company s Compensation Committee; and
- none of the Company s executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity s executive officers served as a director on the Board of Directors.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and based on the review and discussions, the Compensation

Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee of the Company s Board of Directors:

Peter Migliorini (Chairman)

Thomas H. Schwartz

CODE OF BUSINESS CONDUCT AND ETHICS

All of the Company s employees, officers (including senior executive, financial and accounting officers) and directors are held accountable for adherence to the Company s Code of Business Conduct and Ethics (the Conduct Code). The Conduct Code is intended to establish standards necessary to deter wrongdoing and to promote compliance with applicable governmental laws, rules and regulations and honest and ethical conduct. The Conduct Code covers all areas of professional conduct, including conflicts of interest, fair dealing, financial reporting and disclosure, protection of Company assets and confidentiality. Employees have an obligation to promptly report any known or suspected violation of the Conduct Code without fear of retaliation. Waiver of any provision of the Conduct Code for executive officers and directors may only be granted by the Board of Directors or one of its committees and any such waiver or modification of the Conduct Code relating to such individuals will be disclosed by the Company. A copy of the Conduct Code is available on the Company s website at www.stevemadden.com and may also be obtained by any stockholder without charge upon request by writing to the Corporate Secretary, Steven Madden, Ltd., 52-16 Barnett Avenue, Long Island City, NY 11104.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that the Company s directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company s equity securities, file with the Securities and Exchange Commission reports of initial ownership of Common Stock and subsequent changes in that ownership and furnish the Company with copies of all forms they file pursuant to Section 16(a). Form 4s were not filed on a timely basis to report (i) a grant of stock options on March 24, 2008 to Edward R. Rosenfeld; (ii) a grant of stock options on March 24, 2008 to Walter Yetnikoff; (iii) a grant of Common Stock on May 26, 2006 to Richard P. Randall; (iv) a grant of Common Stock on May 26, 2007 to Richard P. Randall; and (v) sales of Common Stock on November 13, 2008 by Richard P. Randall. Each of these reports has now been filed. To the Company s knowledge, based solely on a review of the copies of the reports furnished to the Company or written representations received from the Company s directors, officers and greater than 10% beneficial owners that no other reports were required, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with during, or in respect of, the fiscal year ended December 31, 2008.

DIRECTORS AND EXECUTIVE OFFICERS

The directors, executive officers and certain significant employees of the Company, and their ages and positions as of March 23, 2009, are:

NAME	AGE	POSITION
Edward R. Rosenfeld	33	Chairman of the Board and Chief Executive Officer
Arvind Dharia	59	Chief Financial Officer and Secretary
Awadhesh Sinha	63	Chief Operating Officer
Robert Schmertz	45	Brand Director
Amelia Newton Varela	37	Executive Vice President of Wholesale and Retail
John L. Madden	62	Director
Peter Migliorini	60	Director
Richard P. Randall	71	Director
Ravi Sachdev	32	Director
Thomas H. Schwartz	61	Director

See Proposal One: Election of Directors - Biographical Summaries of Nominees for the Board of Directors for the biographies of the Company s directors.

Arvind Dharia has been the Chief Financial Officer of the Company since October 1992 and was a director of the Company from December 1993 through May 2004. Mr. Dharia has been Secretary of the Company since 1993. From December 1988 to September 1992, Mr. Dharia was Assistant Controller of Millennium III Real Estate Corp.

Awadhesh Sinha became the Chief Operating Officer of the Company in July 2005. Mr. Sinha had been a director of the Company from October 2002 to July 2005. Mr. Sinha was the Chief Operating Officer and Chief Financial Officer of WEAR ME Apparel Inc., a company that designs, manufactures and markets branded and non-branded children s clothing, from 2003 to July 2005. Prior to that, Mr. Sinha worked for Salant Corporation, a company that designs, manufactures and markets men s clothing, for 22 years, and held the position of Chief Operating Officer and Chief Financial Officer of Salant Corporation from 1998 to 2003.

Robert Schmertz has been the Brand Director since January 2006. Mr. Schmertz served as President of Steve Madden Women s Wholesale Division and Brand Manager from

September 2001 through January 2006. Additionally, Mr. Schmertz has been the President of Shoe Biz, Inc., a wholly owned subsidiary of Steve Madden Retail Inc. since May 1998 and the President of Diva Acquisition Corp. since January 2001. Before joining the Company, Mr. Schmertz was President of Daniel Scott Inc. from November 1995 to May 1998. Previously, Mr. Schmertz was the East Coast Sales Manager for Impo International from January 1993 through November 1995. From April 1990 to December 1992, Mr. Schmertz served as a sales representative for Espirit de Corp. based in San Francisco, California.

Amelia Newton Varela has been Executive Vice President of Wholesale and Retail since April 2008. Ms. Varela was Executive Vice President of Wholesale Sales from November 2004 to April 2008. Previously, she was Vice President of Sales for Steve Madden Women s Wholesale Division from January 2000. Prior to that, she was Account Executive for Steve Madden Women s Wholesale Division from 1998. Before joining the Company, Ms. Varela was the sales assistant to the Executive Vice President of Sales for Merrin Financial. She graduated from The Fashion Institute of Technology in 1995.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned for all services rendered to the Company in all capacities in the 2008, 2007 and 2006 Fiscal Years, respectively, by the Company s Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers other than the CEO and CFO who were serving at the end of 2008, 2007 and 2006, respectively. In this Proxy Statement, the Company refers to this group of people as the Company s Named Executive Officers .

Following the table is a discussion of material factors related to the information disclosed in the table.

Name and Principal Position	Year	Salary ($)	Bonus($)	Stock Awards ($) (1)	Options Awards ($) (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Jamieson A. Karson (2)	2008	138,461		1,008,095				4,014,018(3)	5,160,574
	2007	500,000	0	322,856				33,787(12)	856,643
	2006	500,000	450,000	180,312				29,585(13)	1,159,897