



***NASDAQ: SHOO***

# Safe Harbor Statement

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*Except for the historical information contained herein, this presentation contains forward-looking statements that 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.*

# Presentation Summary



## Introduction

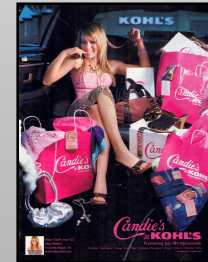
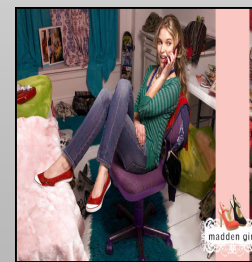
Investment Thesis

Brand/Division Summary

Financial Performance

Growth Strategy

Conclusion



# Company Overview

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- **17 year history**

- Founded in 1990
- Initial Public Offering in 1993

- **Growing portfolio of industry-leading brands**

- Footwear

- Steve Madden Womens
  - Steve Madden Mens
  - Steven by Steve Madden
  - Stevies
  - Candie's
  - Madden Girl
  - Natural Comfort

- Accessories (Handbags and Belts)

- Steve Madden Womens
  - Steven by Steve Madden
  - Betsey Johnson
  - Tracy Reese
  - Ellen Tracy (belts only)

- **Diversified business model**

- Wholesale
  - Retail
  - Internet
  - Private Label – Adesso Madden
  - Licensing



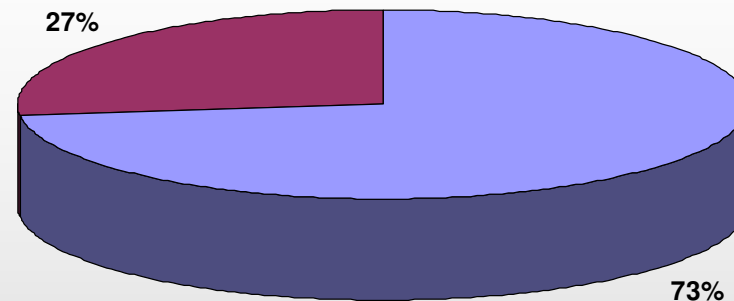
# Divisional Breakdown



## 2006 Net Sales

### Net Sales

- Wholesale
- Retail



■ Wholesale

■ Retail

### Other Income, Net of Expenses

- Private Label – Adesso  
Madden
- Licensing

# Segment Breakdown – Wholesale



■ Steve Madden Womens

■ Steve Madden Mens

■ Daniel M. Friedman

■ Candie's

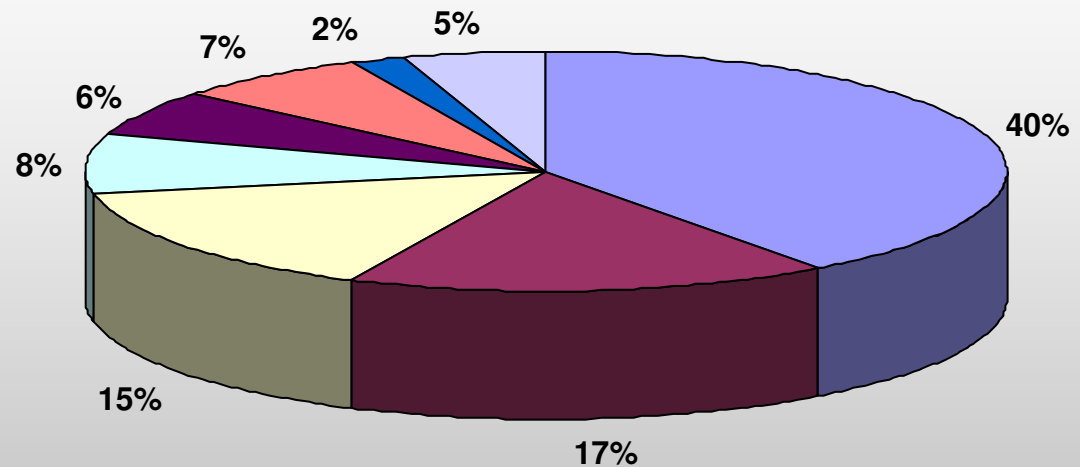
■ Steven by Steve Madden

■ Madden Girl

■ Stevies

■ Other

## 2006 Net Sales



# Presentation Summary



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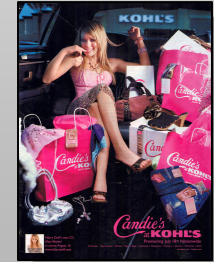
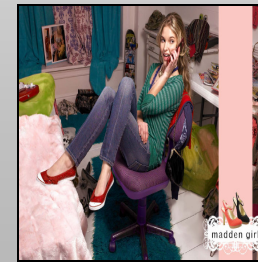
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# Key Investment Highlights

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- Well recognized portfolio of leading footwear brands
- Proven and resilient business model
- Experienced and talented management and design teams
- Strong balance sheet, with approximately \$109 million in cash and securities and no debt as of December 31, 2006
- Significant opportunities for growth (both near- and long-term) through brand diversification, licensing, international expansion and acquisitions
- Continued commitment to delivering value to shareholders through growth strategies as well as stock repurchases and/or dividends

# Advantages of Business Model



- Proven test and react design and production strategy
- Flexible sourcing model
- Diversified distribution channels



# Key Recent Initiatives

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- Implemented measures to improve gross margin
  - Improved inventory management
  - Chargeback control
- Introduced new divisions, including Madden Girl and Natural Comfort
- Acquired Daniel M. Friedman & Associates
- Invested in key personnel
- Returned over \$50 million to shareholders in share repurchases and dividends since beginning of 2005

# Presentation Summary



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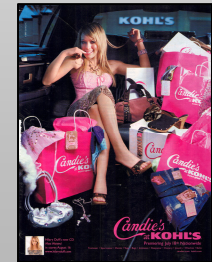
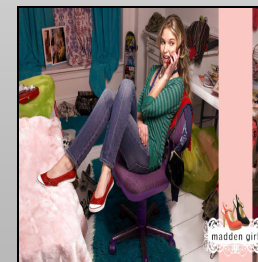
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# Wholesale



- Approximately 73% of net sales
- 2006 net sales = \$348 million
- Tiered distribution strategy from better department stores through mid-tier retailers, as well as specialty stores
- Carefully select top selling products from retail for wholesale business
- In-store concept shops represent a superior brand building forum

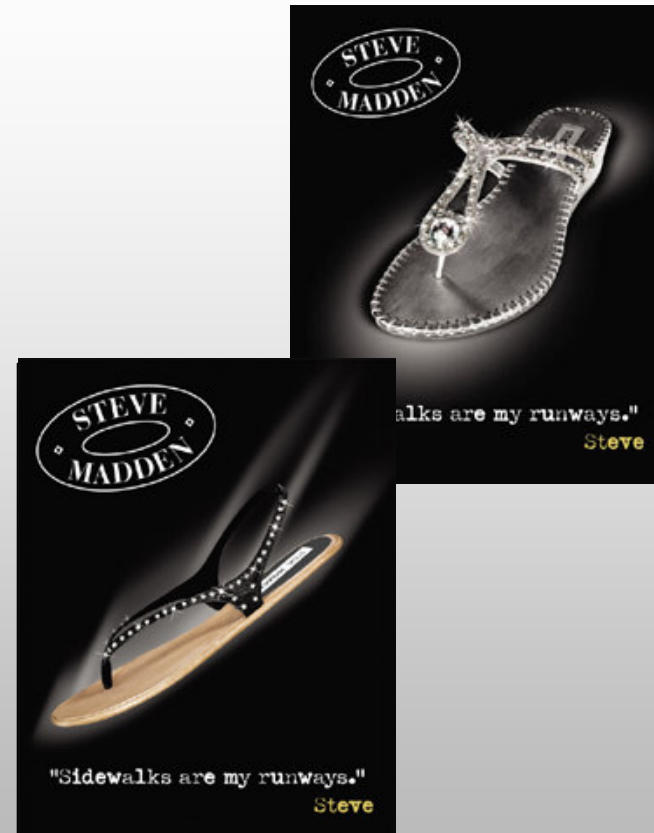




# Steve Madden Womens



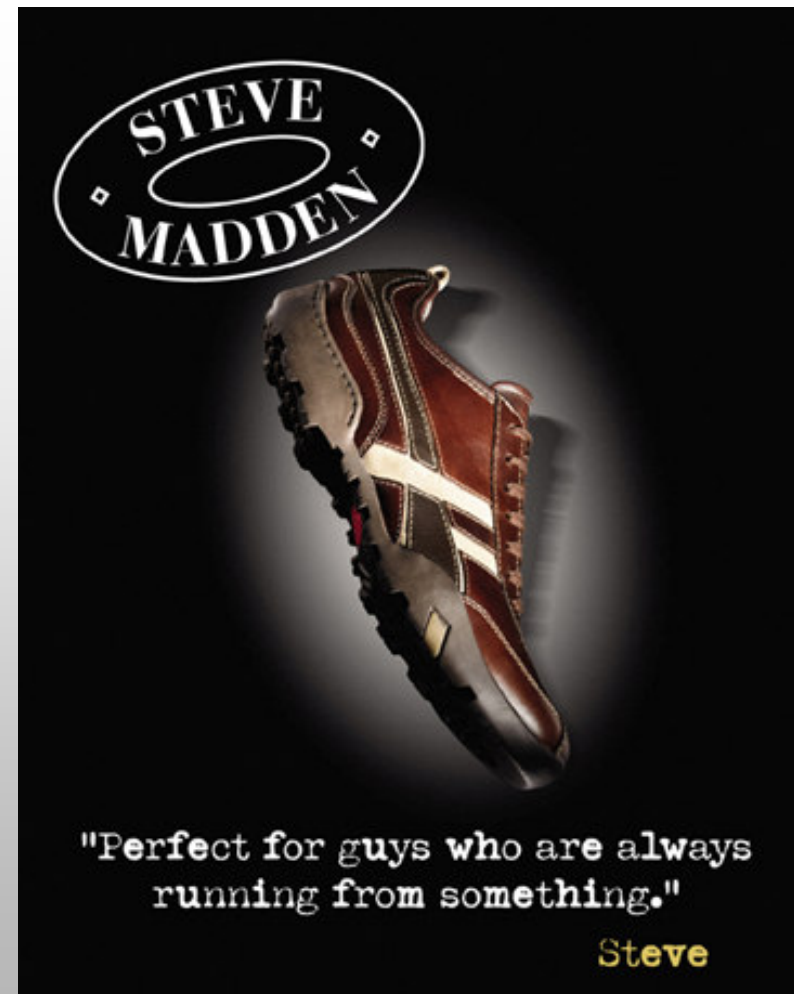
- 2006 wholesale net sales = \$141 million
- Target consumer – women 16 to 35 years old
- Average retail price points
  - Shoes: \$59 to \$99
  - Boots: \$89 to \$159
- Distribution through better department stores, specialty stores and company-owned retail stores



# Steve Madden Mens



- 2006 wholesale net sales = \$59 million
- Target consumer – men 20 to 40 years old
- Average retail price points of \$69 to \$99
- Distribution through better department stores, specialty stores and selected company-owned retail stores



# Steven by Steve Madden



- 2006 wholesale net sales = \$22 million
- Target consumer – women 25 to 45 years old
- Average retail price points
  - Shoes: \$89 to \$159
  - Boots: \$199 to \$289
- Distribution through better department stores, specialty shops, selected Steve Madden stores and two Steven stores



# Stevies



- 2006 net sales = \$8 million
- Target consumer – young girls 6 to 9 years old and “tweens” 10 to 12 years old
- Average retail price points of \$29 to \$45
- Distribution through better department stores and specialty stores

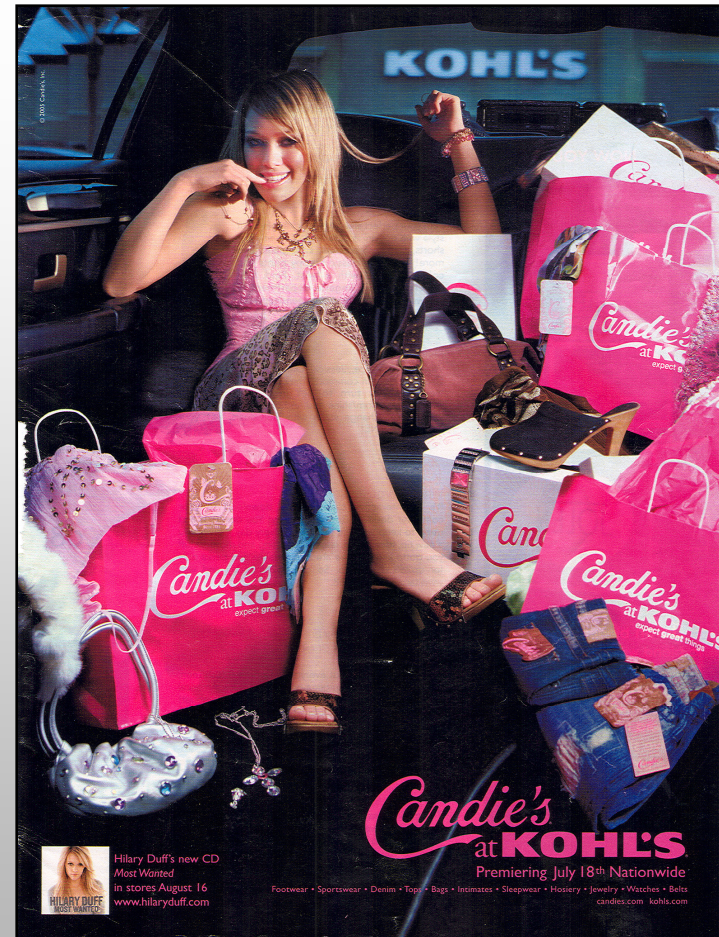




# Candie's



- 2006 net sales = \$27 million
- Target consumer – girls and young women 6 to 20 years old
- Average retail price points of \$29 to \$49
- Distribution through Kohl's



# Madden Girl



- New “opening price-point” concept launched in Q4 2005
- 2006 net sales = \$24 million
- Target consumer – young women 13 to 20 years old
- Average retail price points of \$29 to \$49
- Distribution through department stores, mid-tier retailers and specialty stores



# Natural Comfort



- New concept of fashion-forward comfort footwear
- Initial shipments in Q2 2006
- Target consumer – women 25 to 45 years old
- Average retail price points of \$89 to \$149
- Distribution through better department stores and independent specialty stores



# Daniel M. Friedman & Associates



- Accessories company acquired in February 2006
- 2006 net sales = \$51 million
- Designs and markets accessories under Steve Madden, Steven, Betsey Johnson, Tracy Reese and Ellen Tracy brand names as well as private labels
- Markets accessories to all tiers of distribution, from luxury channel through mass merchants

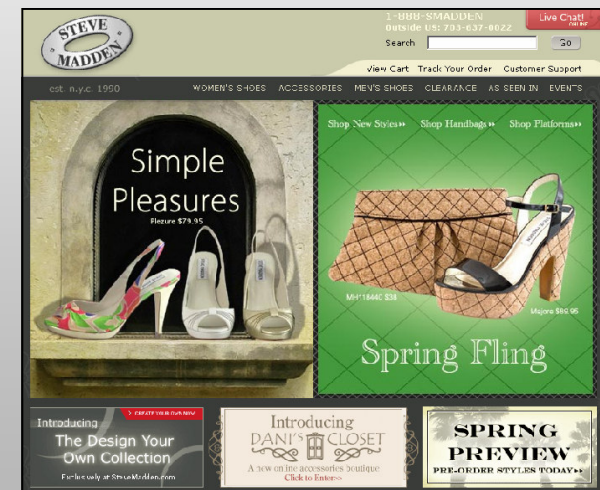




# Retail



- **2006 net sales = \$128 million**
  - Approximately 27% of net sales
- **Stores are highly productive**
  - For the twelve months ended December 31, 2006, stores open for the full twelve months generated \$748 in sales per square foot
  - Same store sales increased 4.9% in 2006
- **96 stores including the Internet store**
  - Stevemadden.com is the Company's biggest retail store
- **Strong brand building forum**
  - Leveraged in wholesale channel



# New Store Economics

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	<u>Targeted Performance</u>
• Net Sales	\$1,000,000
• Cash Flow Contribution Margin	15 - 18%
• Investment (Includes Inventory)	\$400,000
• Targeted ROI (Before Tax)	37.5 - 45%

# Private Label – Adesso Madden



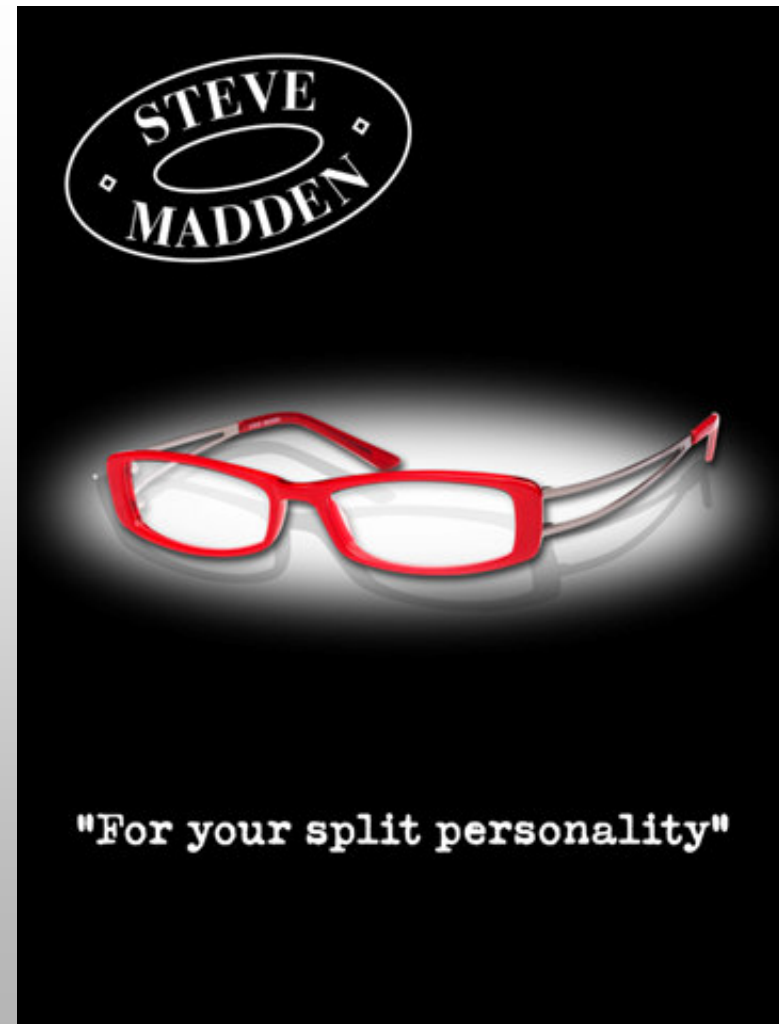
- “First cost” commission-based business with no inventory risk or investment
- 2006 net commission income = \$11.3 million
- Key customers include Target, Wal-Mart and J.C. Penney
- Allows the Company to leverage its product design capabilities and sourcing relationships in order to generate incremental income
- Net commission income increased 134% in 2006



# Licensing



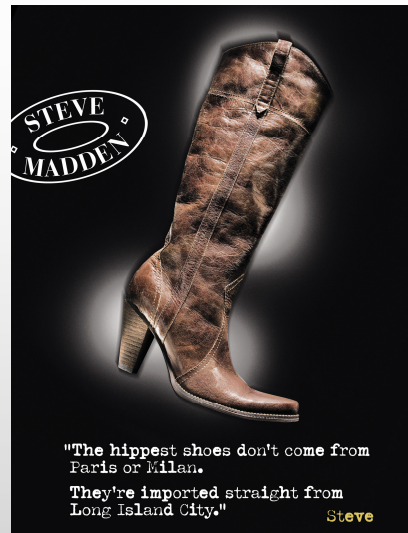
- One of the Company's top growth opportunities
- Allows Company to leverage its brand name across a host of products
- 2006 revenue = \$2.9 million
- Recently announced new licensing agreements for:
  - Cold weather accessories
  - Dresses
  - Girls apparel
  - Watches



# Marketing

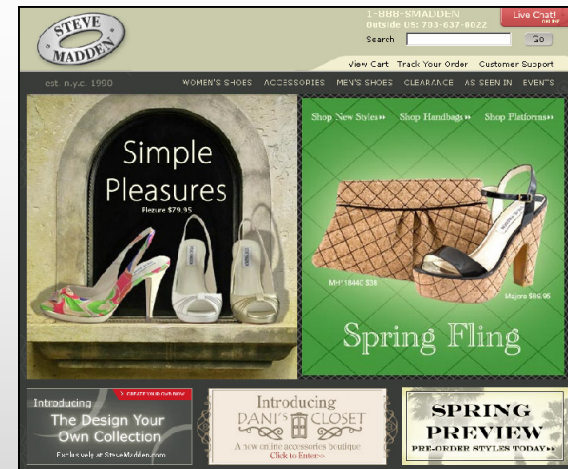


## Advertising & Promotions



- Grass roots approach
- Outdoor, TV, consumer magazines (Vogue, Harper's, Elle, InStyle, Lucky, Glamour, Cosmopolitan)

## Internet



- Integrated online promotions
- Key product partnerships
- Promotional e-mail campaigns

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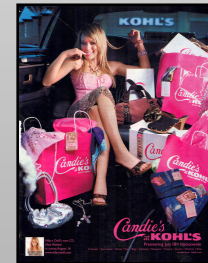
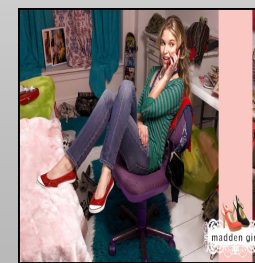
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# Recent Financial Highlights



*(Dollars in Millions, Except Per Share Data)*

	2004	2005	2006
Net Sales	\$338.1	\$375.8	\$475.2
% Growth	--	11.1%	26.4%
Gross Profit	\$122.7	\$139.2	\$198.4
% Margin	36.3%	37.0%	41.8%
EBITDA	\$24.0	\$37.6	\$86.5
% Margin	7.1%	10.0%	18.2%
EBIT	\$19.0	\$31.6	\$78.3
% Margin	5.6%	8.4%	16.5%
Net Income	\$12.3	\$19.2	\$46.3
% Margin	3.6%	5.1%	9.7%
Diluted EPS	\$0.58	\$0.92	\$2.09
% Growth	--	59.5%	127.9%

# Balance Sheet Highlights

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(Dollars in Millions)

## *~ Balance Sheet as of December 31, 2006 ~*

• Cash, Equivalents and Investment Securities	\$108.9
• Debt	\$0
• Inventory Turn	7.4x
• Total Stockholder's Equity	\$211.9



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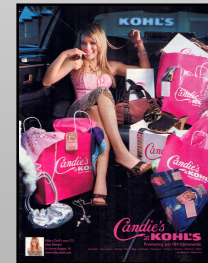
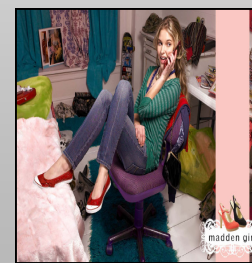
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# Opportunities for Long Term Growth

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- **Continue to diversify business**
  - Develop new product offerings and concepts like Madden Girl and Natural Comfort
  - Evaluate licensing opportunities and execute those that will enhance brand equity
  - Consider strategic acquisitions that complement existing businesses and are immediately accretive to E.P.S.
- **Grow retail store base**
  - Company plans to open 8-10 retail locations in 2007

# Opportunities for Long Term Growth



- Expand in-store concept shop presence
- Become a truly global, lifestyle-branded company by entering additional international markets



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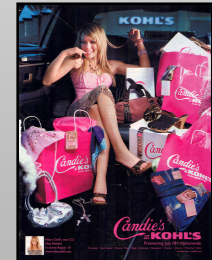
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# Steven Madden, Ltd.'s Objectives

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- Grow and diversify the business
- Further build and leverage the Steve Madden brand

**➔** *Evolve Steve Madden into a true global lifestyle brand*