

Steven Madden Execs Step Up Selling

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STEVEN MADDEN **INSIDERS HAVE STEPPED UP** selling as shares of the trendy shoe-and-accessory retailer soar to new heights.

Over the past 90 days, five insiders--including company founder Steven H. Madden--sold a total of 273,000 shares in the open market for \$11.6 million, according to data from Thomson Financial.

This month's sale alone of \$7.3 million is largest dollar amount sold by insiders in any month over the past 12 months and the highest level of selling in the second quarter of the calendar year over the past five years, Thomson Financial data indicate. The five-year insider-sale average for this period is \$2.2 million.

Among these shares, 24% of them were acquired through options exercises. The shares were sold at prices between \$30.88 and \$53.99.

The disparity between these share prices attests to the tremendous run the stock has had in recent months. The stock, which closed at \$51.47 on Friday, is up 76% so far this year and has more than tripled over the past 12 months.

Michael Painchaud, research director at Market Profile Theorems, says that while analysts continue to be enamored by the high-flying stock, "it looks like insiders are acting like they perceive--in the short term--an overvalued situation."

He is more bearish on the stock now because previous insider sales were more scattered compared with the consensus selling taking place over the past three months.

The stock hit a record intraday high of \$55.75 on March 3. Two days later, Mr. Madden, who was sentenced to 41 months in prison for stock fraud in April 2002, made his first sale in two years. He shed 100,000 shares for \$5.3 million, Securities and Exchange Commission filings show.

Mr. Madden currently serves as the company's creative and design chief.

Overall, Mr. Madden's total sale of more than \$5.3 million in the last three months is the largest dollar value sold by an individual insider at the company in five years, according to Thomson Financial.

Through these transactions, Madden reduced his ownership stake to about 11.56% (or about 1.6 million shares) from 12.53% (or about 1.75 million shares). There were 13.9 million outstanding Steven Madden shares as of April's proxy statement.

Mr. Madden's past trades have been rather lucrative given the stock's recent appreciation. For example, in the first half of 2005, he exercised options on 450,000 shares (priced from \$1.75 to \$5.50, and chose to hold on to them.

Arvind Dharia, Steven Madden's chief financial officer since October 1992, sold 33,000 shares this past Wednesday for \$1.7 million, SEC filings show. In February he exercised options on 40,000 shares each priced at \$18 and sold them for nearly twice the value for a total of \$1.28 million.

Dharia still holds about a 1% stake in Steven Madden, based on recent SEC filings.

Among the company insiders, Thomson Financial data indicate Dharia has made the best calls pointing to short-term highs in the stock. Steve Madden shares fell an average of 12% in the six months following Dharia's previous 13 sell transactions.

Jeffrey Birnbaum, a director since June 2003, sold 5,000 shares on the open market for about \$264,000, trimming his direct equity stake to 15,000 shares, according to an SEC filing.

In March, John Madden, a director since his brother Steve founded the company in 1990, exercised options on 20,000 shares and sold them for about \$651,000. The options were priced from \$17.42 to \$19.06.

Peter Migliorini, a director since 1996, sold 5,000 shares in March for about \$162,000 after acquiring them through options priced at \$17.42. He continues to hold 40,000 shares directly.

Richard Olicker, who had served as the company's president from 2001 through 2005, sold 20,000 shares on Feb. 28 for \$638,600. SEC filings show he trimmed his direct equity stake down to 1,200 shares.

Olicker is currently the president of the wholesale division of Kenneth Cole Productions.

Meanwhile, a March 10 filing shows that Fidelity Management & Research, the financial-services firm, slashed its Steven Madden stake to about 2.87% from the 11.2% on Dec. 31. StreetSight.net shows Fidelity with about \$585 million in assets under management.

Ben Silverman, research director at InsiderScore.com, argues that such profit-taking is to be expected, given the run-up in the stock price and limited stock float. "Unless we see a wholesale dumping of stock, there's not much to be concerned about."

C.L. King & Associates analyst Scott D. Krasik says there is more room to go in the stock price, considering that Steven Madden demonstrated "significant improvement in their business trends." He has an Accumulate rating on the stock with a price target of \$57.

He says the retail market is intensely competitive, but Steven Madden is the market leader as consumers flock toward shoes, handbags and other accessories amid their "lack of excitement" over apparel.

Steven Madden has also been consistently repurchasing shares, which should help sustain the stock price. The company plans a three-for-two stock split later this month.

Recent Insider Activity

BUYERS

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Redback Networks	J. Drew	DO	\$41,923,125	1,927,500	21.75	May 9, 2006
Chesapeake Energy	A. McClendon	CEO	4,252,941	130,000	32.54-32.85	May 8, 2006
Centerstate Banks Of Florida	L. Maxwell	D	1,820,000	50,000	36.40	May 11, 2006
Boston Scientific	E. Mario	D	1,067,377	50,000	21.30-21.40	May 10, 2006
Dean Foods	A. Bernon	OD	791,453	21,500	36.70-37.01	May 9-11, 2006
Bank Of Commerce Holdings	K. Gifford	D	336,700	32,375	10.40	May 10, 2006 1
Pinnacle Financial Partners	C. Jackson	D	287,330	10,000	28.73	May 8, 2006
Davita	J. Nehra	D	265,747	5,000	53.15	May 9, 2006
DJ Orthopedics	M. Blutt	D	254,400	6,000	42.40	May 8, 2006
Calamos Global Total Return Fund	J. Calamos	P	226,576	15,200	14.59-15.00	May 8-10, 2006

(Source: Thomson Financial/Baseline)

SELLERS

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Archer Daniels Midland	G. Andreas	D	\$14,099,254	310,900	45.33-45.42	May 9 2006
American Standard	F. Poses	CEO	14,005,500	300,000	46.62	May 9, 2006
Occidental Petroleum	S. Chazen	CFO	11,915,166	114,000	104.519	May 9, 2006
Tempur Pedic International	R. Trussell	D	9,951,743	651,897	15.18	May 8-10, 2006
Danaher	P. Allender	O	6,758,420	100,000	67.5842	May 9, 2006
PW Eagle	W. Spell	D	5,522,740	205,600	26.71	May 8-9, 2006
Cameron International	S. Erikson	CEO	5,439,140	100,000	54.3162	May 9, 2006
Digital Insight	J. Stiefler	CEO	5,343,765	150,000	35.5673	May 8-9, 2006
Sempra Energy	N. Schmale	P	4,995,498	107,334	46.43	May 8, 2006
Anadarko Petroleum	C. Albert	D	4,660,250	43,750	106.52	May 9, 2006

(Source: Thomson Financial/Baseline)

Here's a rundown of insider trading activity reported on May 11, 2006. An insider is any officer, director or owner of 10% or more of a class of the company's securities. The table shows purchases and sales which must be reported to the SEC and other regulators by the 10th of the month following the month of the trade, includes both open-market and private transactions involving direct and indirect holdings. Excludes stock valued at less than \$2 per share, acquisitions through options and companies being acquired. Included are purchases, sales and stock registered for sale for individual officers, companies, and sectors.

AC-member of the advisory committee. AF-affiliated person. AI-affiliate of investment advisor. AV-assistant vice president. B-beneficial owner of more than 10% of a security class. BC-beneficial owner as custodian. BT-beneficial owner as trustee. C-controller. CB-chairman. CC-member of the compensation committee. CEO-chief executive officer. CFO-chief financial officer. CI-chief investment officer. CO-chief operating officer. CP-controlling person. CT-chief technology officer. D-director. DO-director and beneficial owner. DS-indirect shareholder. EC-member of the executive committee. EVP-executive vice president. F-founder. FC-member of the finance committee. FO-former. GC-general counsel. GM-general manager. GP-general partner. H-officer, director and beneficial owner. I-indirect transaction filed through a trust, insider spouse, minor child or other. IA-investment advisor. LP-limited partner. M-managing partner. MC-member of committee or advisory board. MD-managing director. O-officer. OB-officer and beneficial owner. OD-officer and director. OE-other executive. OP-officer of parent company. OS-officer of subsidiary company. OT-officer and treasurer. OX-divisional officer. P-president. R-retired. S-secretary. SC-member of the science/technology committee. SH-shareholder. SVP-senior vice president. T-trustee. TR-treasurer. UT-unknown. VC-vice chairman. VP-vice president. VT-voting trustee. X-deceased.

*-Half of the transactions were indirect.

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