



Famous  Footwear.


Naturalizer

FRANCO SARTO

Life  stride
fashion, sense.

VIA SPIGA

Bass

 ETIENNE AIGNER


 Dr. Scholl's
FOOTWEAR

 CARLOS

NICKELS
Soft

 HOTKISS.

Buster
Brown

 shoes.com



THE LEADER IN FOOTWEAR®

Investor Update | September 2005

BROWN SHOE



This presentation by Brown Shoe Company, Inc. contains certain forward-looking statements, including without limitation, statements made concerning forward looking guidance on Sales, Earnings Per Share (EPS), Net Earnings, Adjusted Net Earnings, EBITDA, Adjusted EBITDA and Debt to Capital ratio. Such statements are subject to various risks and uncertainties that could cause actual results to differ materially. These include (i) general economic conditions and the consumer's preferences and purchasing patterns, which may be influenced by consumers' disposable income; (ii) the uncertainties of pending litigation; (iii) intense competition within the footwear industry; (iv) political and economic conditions or other threats to continued and uninterrupted flow of inventory from Brazil and China, where the Company relies heavily on third-party manufacturing facilities for a significant amount of its inventory; (v) the integration of the Bennett business; and (vi) the Company's ability to successfully implement its plan to strengthen the Naturalizer brand. The Company's reports to the Securities and Exchange Commission contain detailed information relating to such factors. Some of the statements herein, as indicated, speak only as of the date they were initially made. The Company does not undertake any obligation or plan to update these forward-looking statements, even though its situation may change.

— September 15, 2005

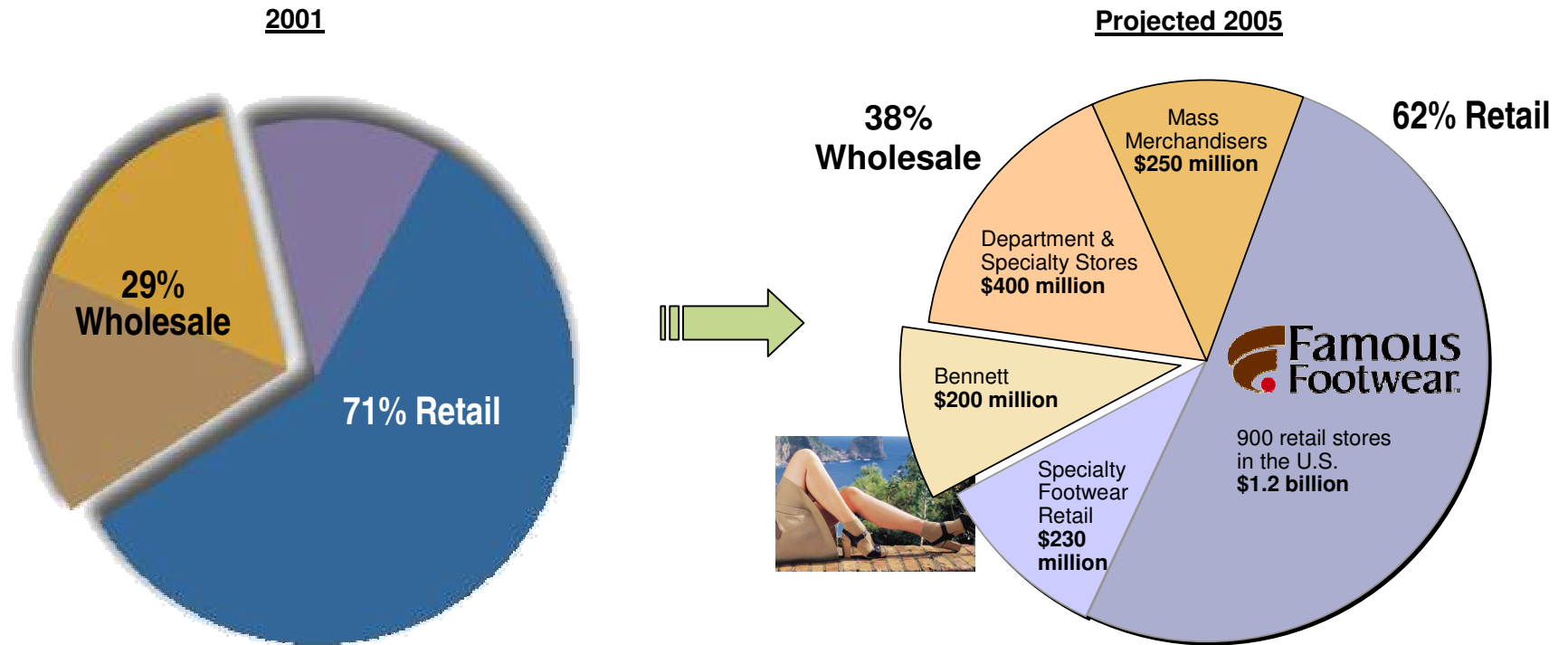


Today's Topics – NYSE: BWS

- 1) The BWS Story – Re-Shaping Our Platform
- 2) Enterprise-wide strategies
- 3) Financial results

Brown Shoe Today -- \$2.3 Billion in Sales Projected for 2005

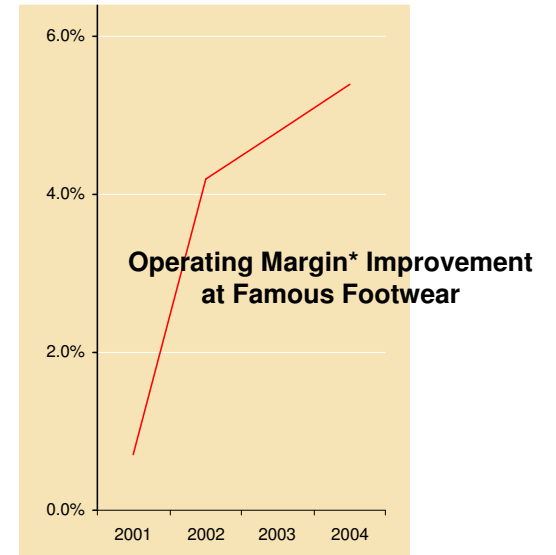
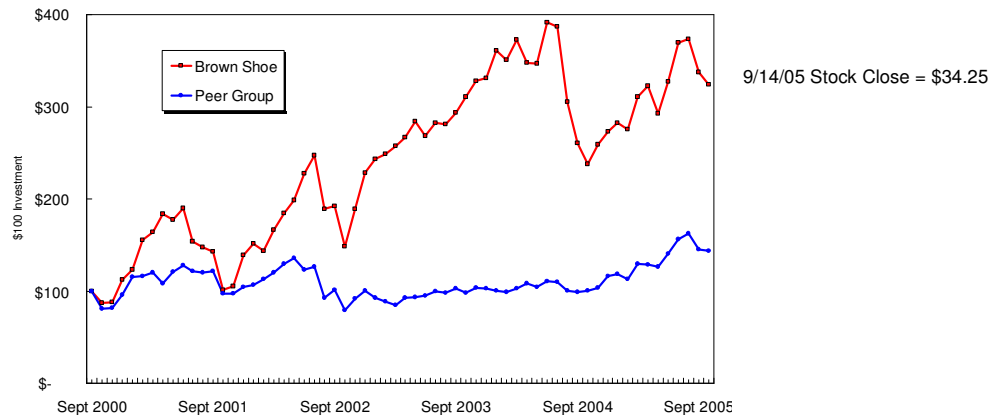
Unique wholesale-retail platform. Building our brands and retail concepts to gain market share while delivering style to the consumer.



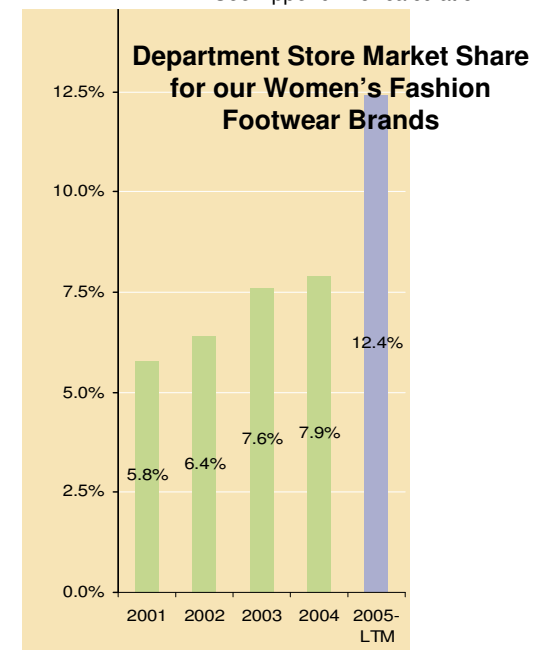
Remaking BWS –

- 1) **Operating Earnings** – from 2001 to 2005, GAAP operating earnings are expected to grow from \$11mm to more than \$90mm; on an adjusted basis, operating earnings are expected to more than double from \$50mm to more than \$100mm. Please see Appendix for calculation of this measure.
- 2) **Famous Footwear turnaround** – following extensive work in product assortments, merchandising, inventory management and store remodeling, our operating margin increased 400+ basis points to >5% in 2004 compared to 2001
- 3) **Brand-building focus at Wholesale** – focus on our wholesale brand-building continues to drive market share improvement
- 4) **Growing our portfolio** – acquisition of Bennett, Bass license, Disney license, Shoes.com and launch of Carlos by Carlos Santana

Shareholder Return – over the last 5 years, we have delivered a 25% CAGR (compound annual growth rate) increase in shareholder value – 28% when accounting for reinvested dividends



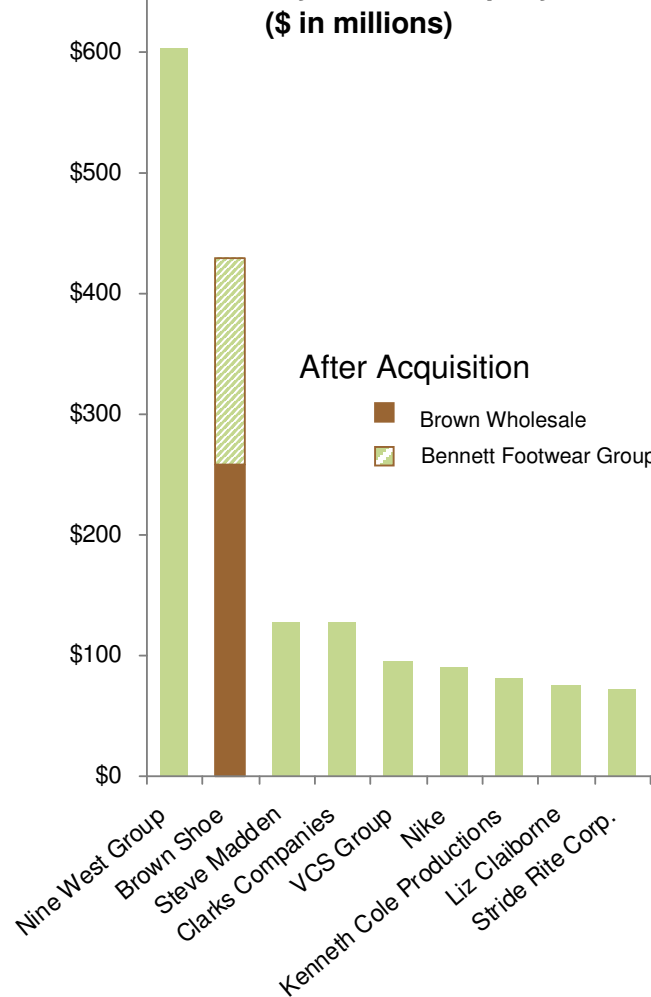
* See Appendix for calculation.



Source: NPD Group Reported POS Dollar Volume; 2005 reflects trailing 12 months of BWS + Bennett brands

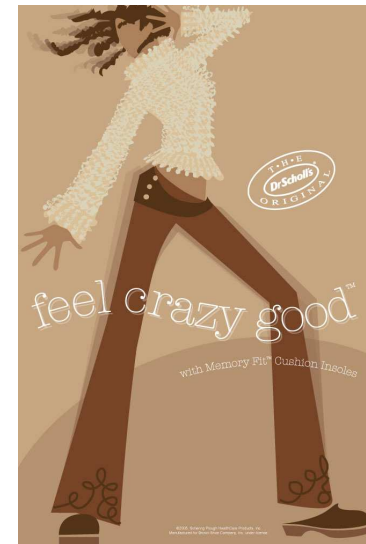
Brown Shoe Today – Our Rank Among Wholesalers in Department Stores

**Sales of Women’s Fashion Footwear in U.S. Department Stores
Ranked by Parent Company**



* Reflects NPD Group Reported POS Dollar Volume. 12 Months ending July, 2005.

Our Portfolio of Brands – 46% Market Share in Moderate Zone
(women's)



Zone Rank ▶

**No. 1
Moderate**

**No. 3
Moderate**

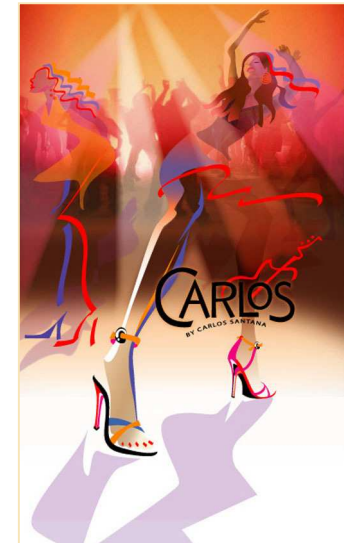
**No. 3 men
No. 18 women
Moderate**

**No. 11
Junior**

Source: NPD Group Reported POS Dollar Volume.
12 Months ending July, 2005.

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Our Portfolio of Better/Bridge Brands – 17% Market Share in Better Zone



Zone Rank ▶

**No. 9
Bridge**

**No. 2
Better**

**No. 9
Better**

**No. 13
Better**

Source: NPD Group Reported POS Dollar Volume.
12 Months ending July, 2005.

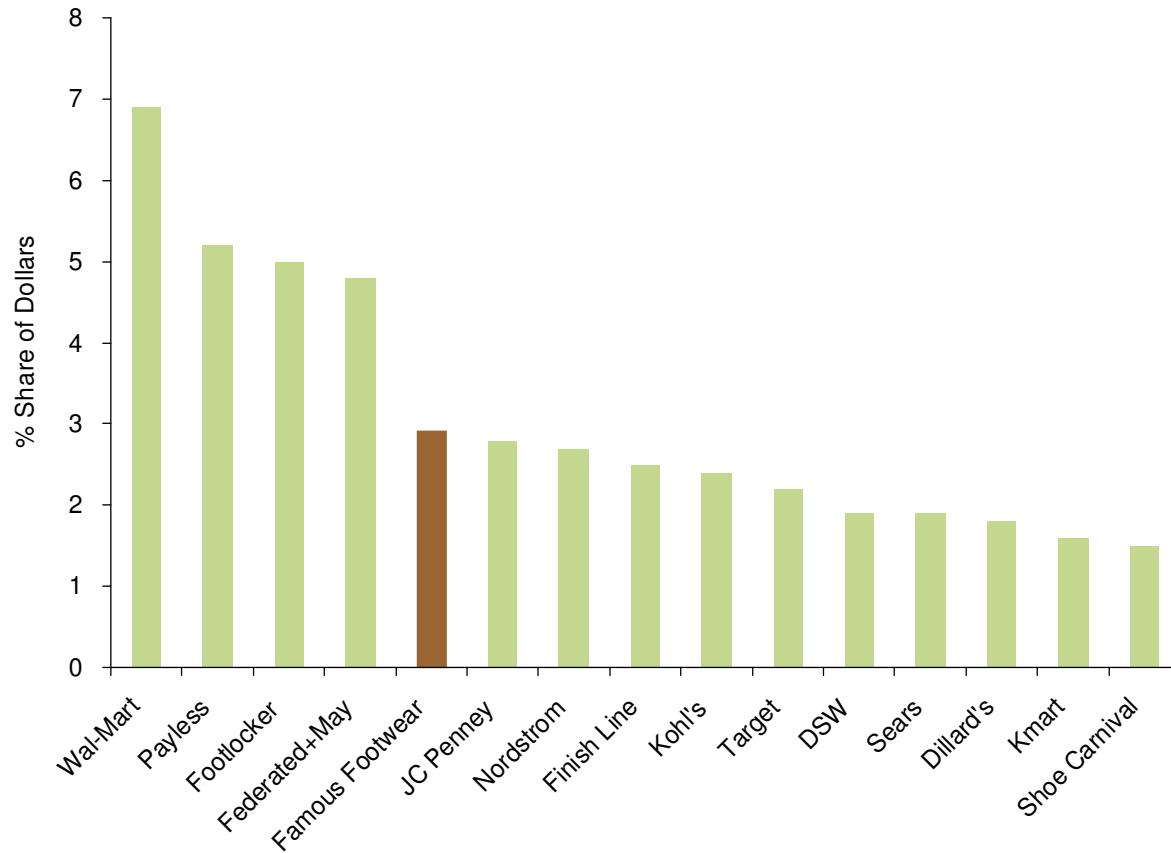
THE LEADER IN FOOTWEAR

Our Portfolio of Brands – Mid-tier and Mass



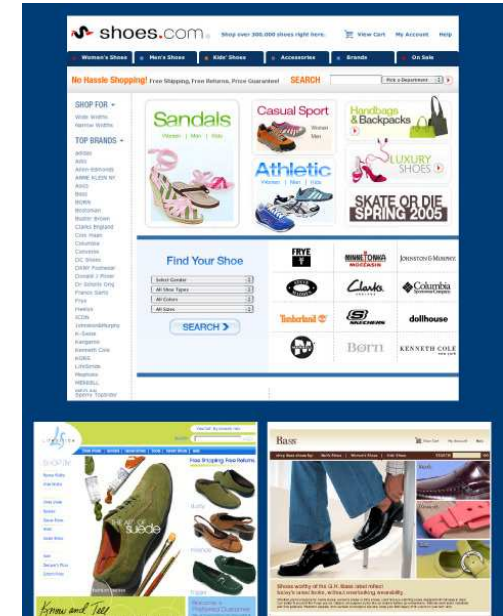
A leading footwear vendor at Wal-Mart, Target & Payless

Brown Shoe Today – Our Position Among Top Footwear Retailers



Source: Competitive Shares reported by NPD Consumer Panel Survey, 12 Months ending July 2005. Famous Footwear's share calculated using internal information.

Our Portfolio of Retail Concepts – 1300 Stores, 5 Web-stores



Zone Rank ▶

No. 1
Family, branded

No. 4
Women's specialty

No. 3
Internet footwear

Retail Brands

Famous Footwear
Factory Brand Shoes

Naturalizer
Via Spiga stores
FX LaSalle

Shoes.com
Naturalizer.com
Famousfootwear.com

Source: Competitive Shares reported by NPD Consumer Panel Survey, 12 Months ending July 2005.

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BWS Enterprise-Wide Strategies for Sustainable Growth:

- 1) **Create differentiation** –creating competitive advantage by differentiating our stores, our footwear, and our brands
- 2) **Delight consumers with style** – raising the style quotient of our footwear assortments to win consumer preference for our brands
- 3) **Leadership in Speed-to-Market** – enhancing processes to develop and deliver the most current, trend-right product to our customer within the shortest possible lead time – thereby increasing sell-throughs and reducing markdown risk.
- 4) **Building value via our portfolio of brands** – building a portfolio of relevant and differentiated brands that target the needs and desires of our consumers

Balance Growth + Investment – delivering earnings performance while investing for the future

Enterprise-wide
Strategy # 1

Creating Differentiation at Famous Footwear

- Improved Product: More brands, more current, more trend-right
- Redesigned Stores
- Improved shopping experience
 - Fashion + Branded Value, *not* Price
- Innovative marketing

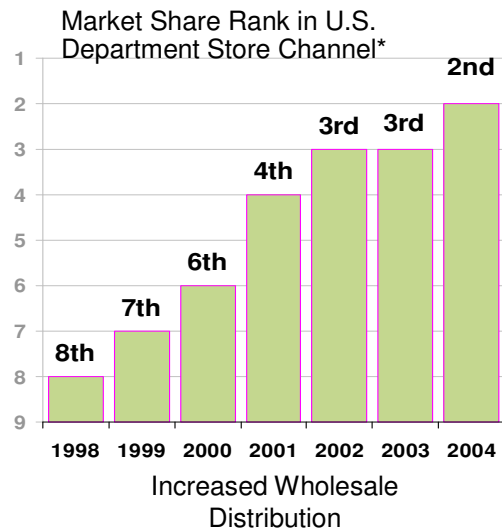


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Enterprise-wide
Strategy # 1

Creating Differentiation at Naturalizer

- Introducing a new sense of style for brand
- Improving our retail platform
- Improved our wholesale business model
- Enhanced product styling



Taking Brand Image to Next Level



Improving Store Base

*Source: NPD Group/NPD FashionWorld Footwear Point-of-Sale Data, 1998-2004

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Enterprise-wide
Strategy # 2

Delighting the Consumer with Style -- Top Department Store Brands

- Leading designers (e.g. Franco Sarto) acquired with Bennett
- Product development and Style & Trend functions centralized; augmented with Italian design talent
- Exclusive product programs with major retailers

Share Rank*		Brand	Zone
<u>Of Market</u>	<u>Of Zone</u>		
2 nd	1 st	Naturalizer	Moderate
7 th	2 nd	Franco Sarto	Better
10 th	3 rd	Life Stride	Moderate
30 th	9 th	Etienne Aigner	Better
35 th	9 th	Via Spiga	Bridge
43 rd	13 th	Carlos by Carlos Santana	Better
56 th	9 th	Dr. Scholl's	Moderate – Junior
85 th	18 th	Bass – women's	Moderate

Source: NPD Group Reported POS Dollar Volume. 12 Months ending July, 2005.

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Enterprise-wide
Strategy # 3

Speed-to-Market

- Providing the consumer with fashion closer to need
 - Enhancing Retail Planning & Analysis
 - Stronger focus on sell-through and inventory flow
 - Standardizing Design, Development, & Production
 - World-class logistics and customer support
 - Worldwide sourcing capability (staff of 600 in China and Brazil)

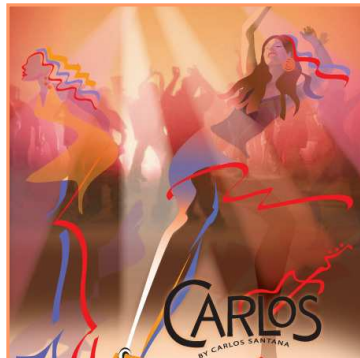
Enterprise-wide
Strategy # 4

Growing our Portfolio -- Recent Acquisitions of Brands and Licenses

- Creating a portfolio of brands and licenses that garners greater market penetration



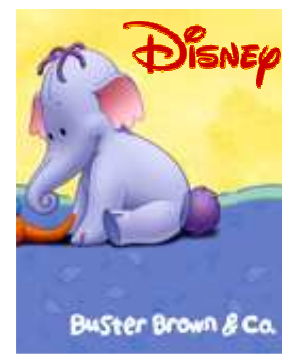
2001



2001



February 2004



August 2004



April 2005

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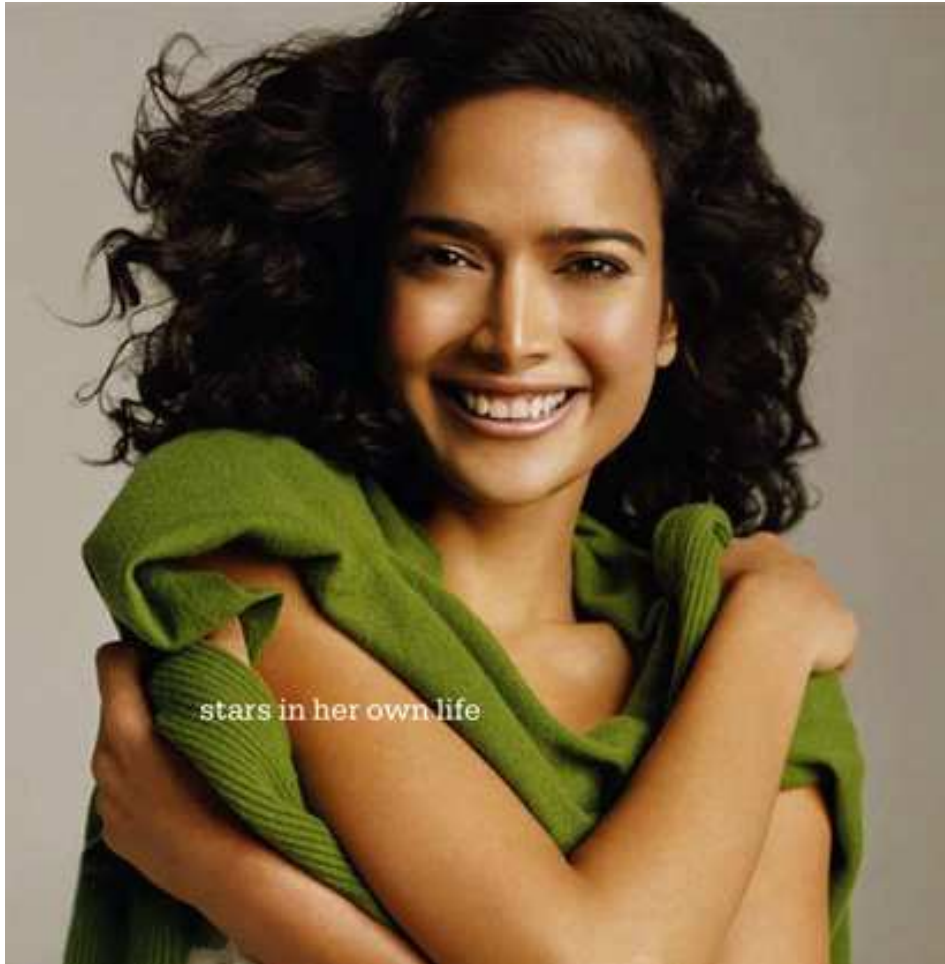
BROWN SHOE



Enterprise-wide
Strategy # 4

Growing our Portfolio – Bennett acquisition – the perfect fit for BWS

- Strong brands in better and bridge zones complement our strength in moderate
- Increases our share-of-market in women's fashion footwear
- Growing business with strong market share and healthy operating margins
- First-class talent – in management and at design levels
- Transition going smoothly
- **In 2005:** Expected to add \$200 million in sales and be accretive (9 months) by \$0.15-\$0.20 per diluted share
- **In 2006:** Expected accretion projected at \$0.30 per diluted share



Guidance,
Earnings,
Segment Projections

THE LEADER IN FOOTWEAR

2005 Guidance

Diluted Earnings Per Share	2005 Estimated	2004	
Guidance (GAAP Basis)	\$1.75 - \$2.00	\$2.30	Actual EPS (GAAP Basis)
Tax cost to repatriate foreign earnings	\$0.55	\$0.18	Bass transition costs
Cost to restructure Naturalizer	\$0.55 - \$0.45	\$0.12	Bond guarantee charge
		(\$0.05)	Tax reserve recovery
Adjusted EPS on non-GAAP basis for comparison purposes	<u>\$2.85 - \$3.00</u>	<u>\$2.55</u>	
	Q3 Estimated	Q3-2004	
Guidance (GAAP Basis)	\$0.80 - \$0.95	\$1.00	Actual EPS (GAAP Basis)
Cost to restructure Naturalizer	\$0.20		

Non-GAAP Financial Measures

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EBITDA*

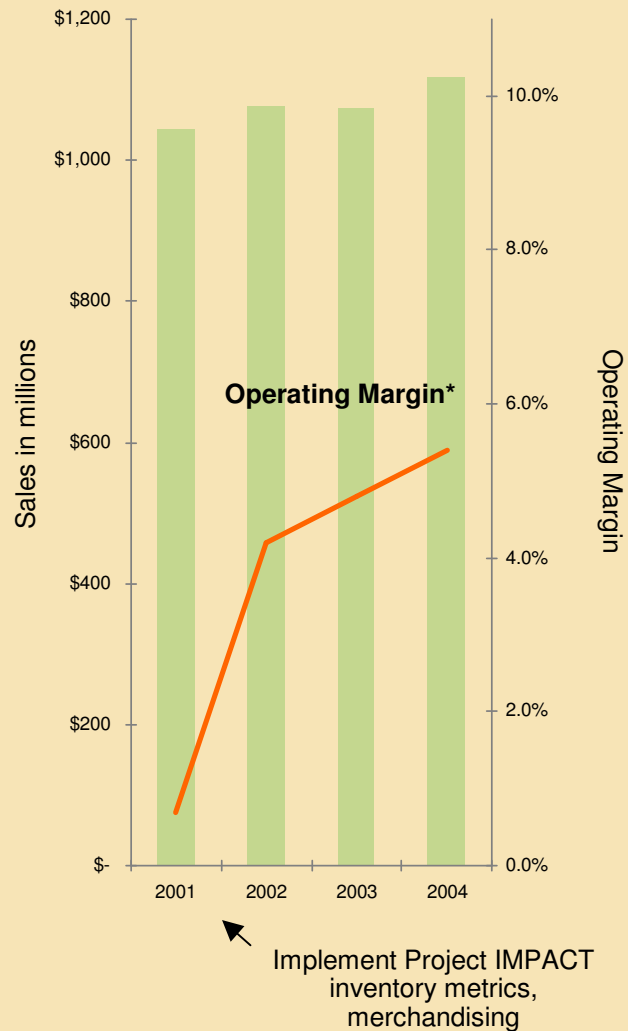
(in millions)	<u>2003</u>	<u>2004</u>	<u>2005 Estimated Range</u>		
			<u>Low</u>	<u>--</u>	<u>High</u>
EBITDA*	\$ 103.6	\$ 95.7	\$ 126.2		\$ 133.7
<u><i>Special Charges</i></u>					
Naturalizer Restructuring	-	-	16.5		13.5
Bass Transition Costs	-	5.6	-		-
Bond Guarantee Charge	-	3.5	-		-
Environmental Litigation	3.1	0.6	-		-
Canada Factory Closure	4.5	-	-		-
Adjusted EBITDA	<u>\$ 111.2</u>	<u>\$ 105.4</u>	<u>\$ 142.7</u>		<u>\$ 147.2</u>

* EBITDA represents earnings before interest, taxes, depreciation and amortization. See Appendix for components of EBITDA and the reconciliation to net earnings.

Non-GAAP Financial Measures

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Famous Footwear



*Operating margin represents the ratio of operating profit divided by sales. See the Appendix for a complete reconciliation to the most directly comparable GAAP measure.

Famous Footwear 2004 Performance & 2005 Outlook

2004: Strong results in a difficult retail environment

- Sales up 4.0%
- Operating earnings +16.3%
- Operating margin* up 60 basis pts versus FY03
- SFS positive in FY04

2005 Outlook

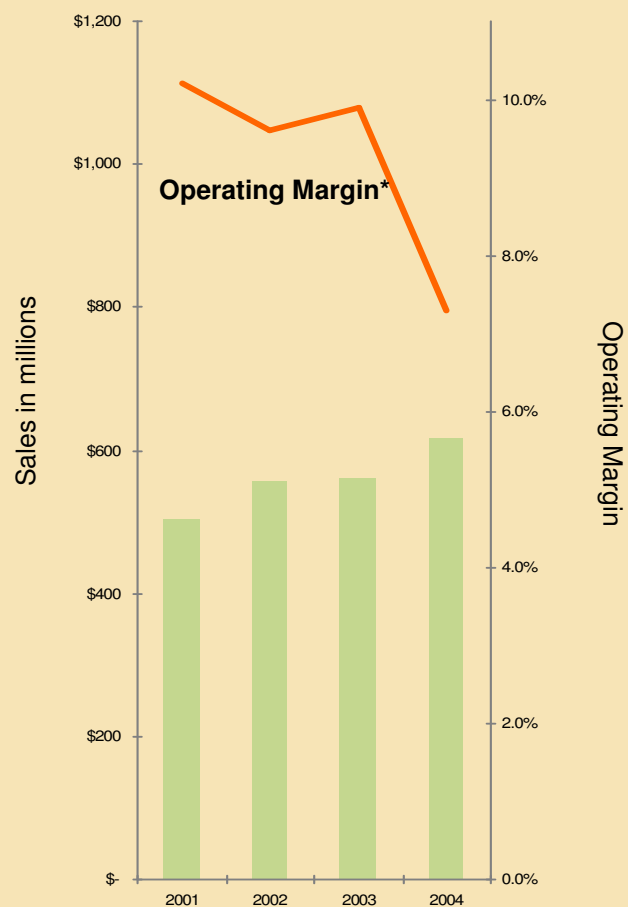
- 5%-6% sales increase forecast for FY05
 - Continued updating of stores
 - Net +40 stores in FY05
 - Targeting 1%-2% SFS increase

Long-term Outlook

- Significant expansion potential
- Goal: Operating margin >6%

T H E L E A D E R I N F O O T W E A R

Brown Shoe Wholesale



* Operating margin represents the ratio of operating profit divided by sales. See the Appendix for a complete reconciliation to the most directly comparable GAAP measure.

Wholesale Operations 2004 Performance & 2005 Outlook

2004: Interruption in momentum and earnings trend

- Strong performance at LifeStride, Dr. Scholl's, and Carlos could not offset misses in our Naturalizer, Bass and Children's businesses
- Operating margin* down 260 basis pts

2005 Outlook

- Refocused Naturalizer business model expected to result in higher profitability
- Anticipate smooth integration of Bennett
- Goal: significant operating margin improvement to >9.0%

Long-term Outlook

- Goal: operating margin >10%

Specialty Retail



Cost of the Plan:

- Pretax cash cost: Minor
- Pretax P&L cost: \$14 - \$17 million

Expected Benefits

- Improved store productivity
- Streamlined operations and lower overhead
- **Estimated pretax annualized savings/
improvement in operating earnings: \$5 million**
- **Estimated EPS improvement potential: \$0.15 starting in
FY 2006**

Increasing Naturalizer Retail Productivity

- 1) By April 2006, improve the Naturalizer store base by closing underperforming stores (approx. 80: 60 in the U.S. and 20 in Canada)
- 2) Consolidate the Canadian store buying, merchandising, accounting and IS functions into our U.S. operations by end of FY 2005
- 3) Open 30 Naturalizer outlet stores over the next 2-3 years
- 4) Test a new concept store prototype for our flagship, brand-building stores



Conclusion

Short Term – Projecting \$2.3 Billion in Sales and \$1.75 - \$2.00 EPS in 2005

- Includes \$0.55 expense for taxes related to repatriation of foreign earnings and \$0.45 - \$0.55 expense for Naturalizer store closings
- Bennett expected to be accretive by \$0.15-\$0.20 in 2005
- Famous Footwear expected to produce a solid year
- Operating earnings improvements expected in Naturalizer, Carlos by Carlos Santana, Children's and Dr. Scholl's

Long-Term – Targeting Sustainable Growth

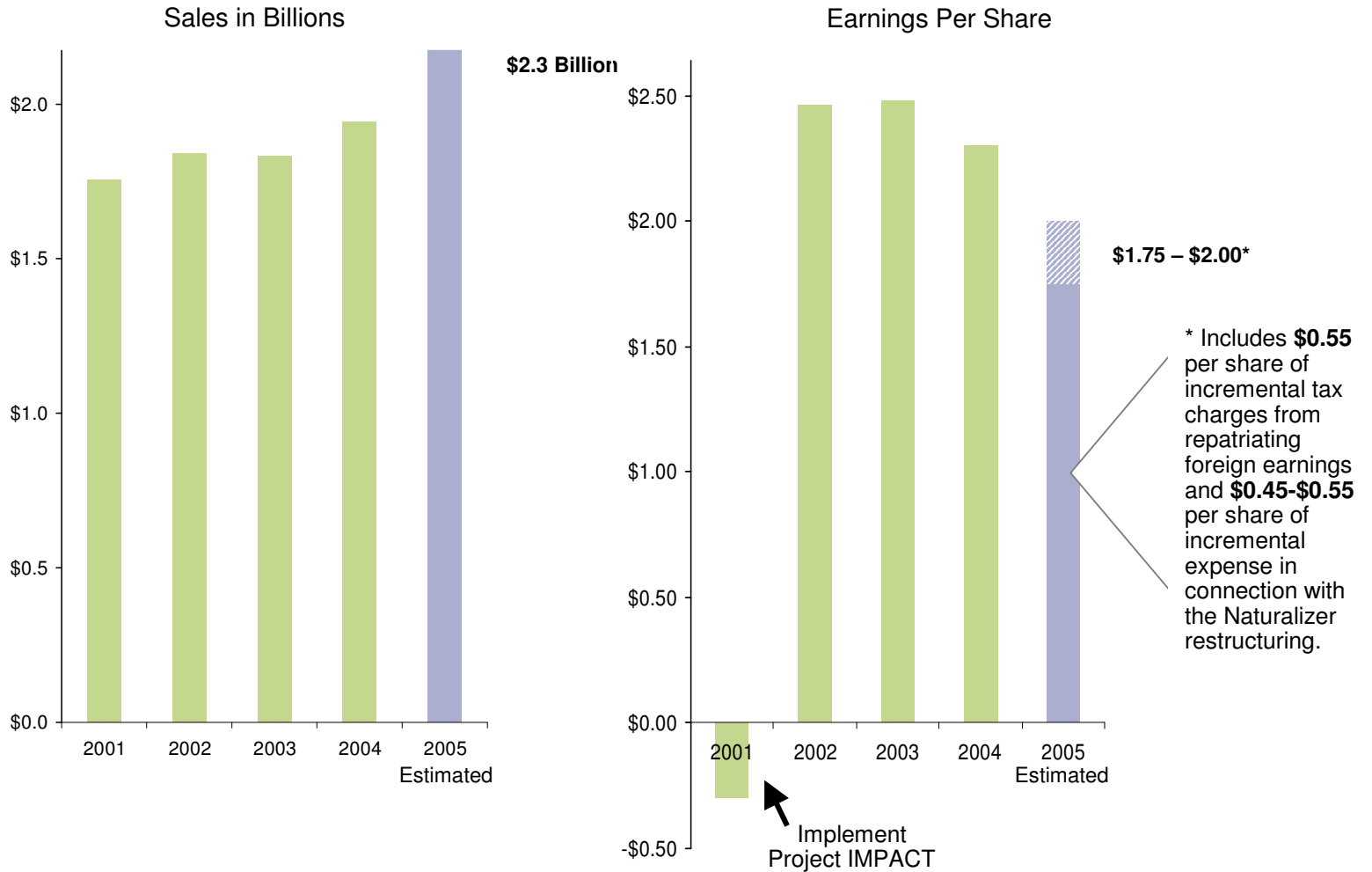
- Bennett and Naturalizer initiatives expected to increase our earnings potential by \$0.45 per share annually on a go-forward basis
- Famous Footwear has potential for significant expansion
- Strong, differentiated wholesale brands create margin and market share opportunities
- Bennett strengthens our presence in better/bridge zones
- ExCEL expected to give us product sourcing/speed advantage
- Growth focused on internal expansion and strategic acquisitions
- Targeting high single-digit revenue growth and 10-15% compound earnings growth rate



Financial Highlights & Appendix

THE LEADER IN FOOTWEAR

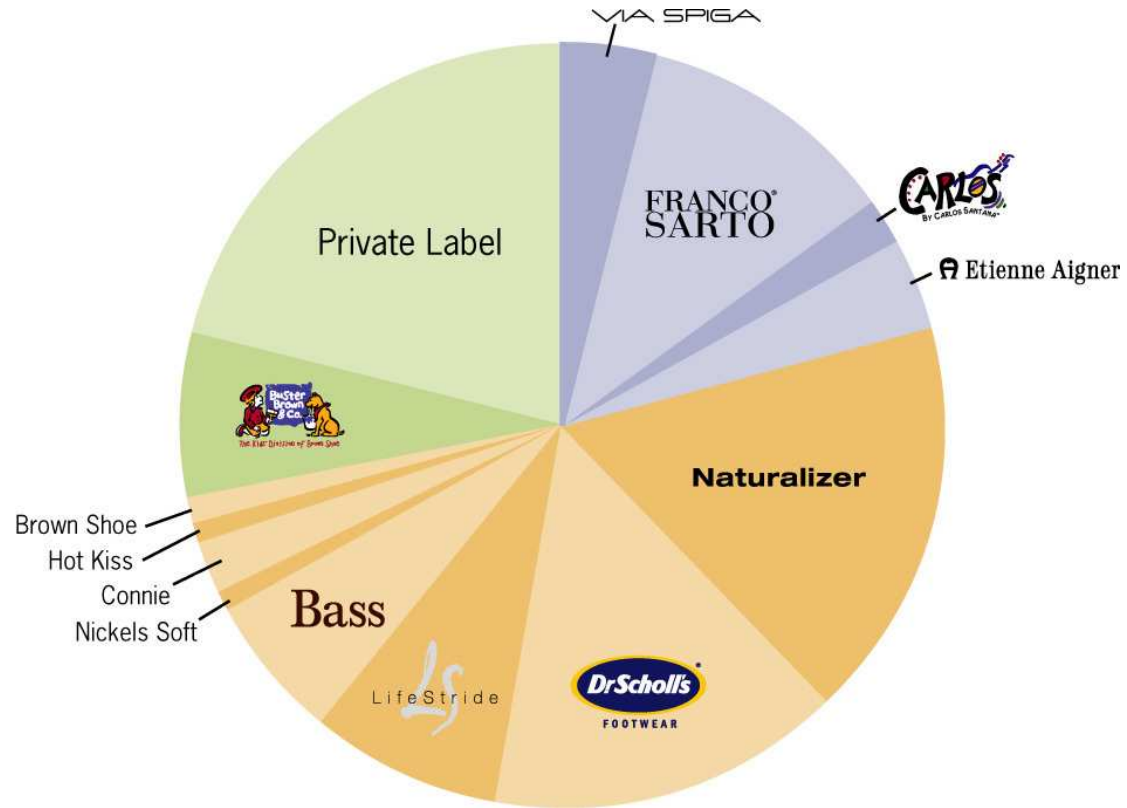
Sales and EPS – 2001 to 2005



Special charges and recoveries included in net earnings and EPS for 2003, 2004 and estimated 2005 are listed in the Reconciliation of Net Earnings to Adjusted Net Earnings in this Appendix.

Distinct Wholesale Portfolio

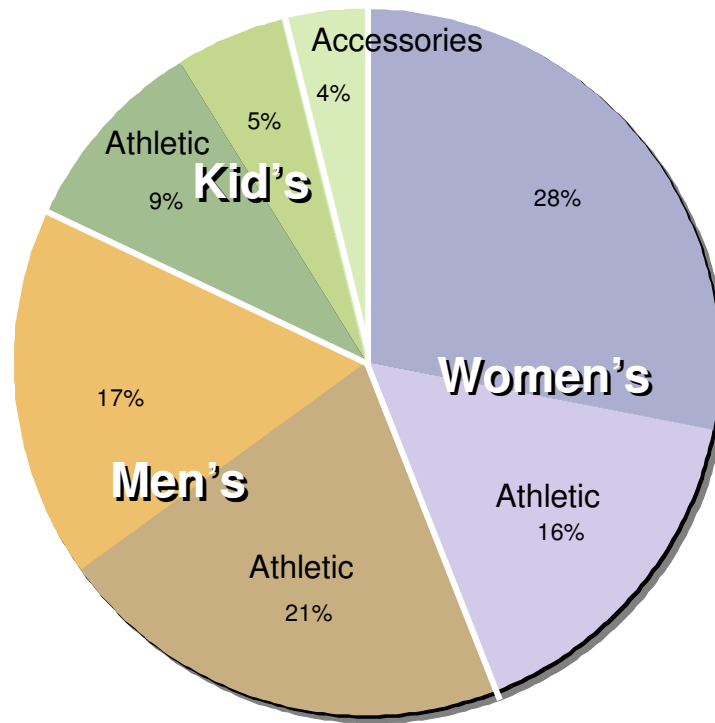
Based on 2004 Pro Forma Sales*



* The 2004 Pro Forma Sales detail includes the Bennett brands as if they had been acquired by Brown Shoe on February 1, 2004. These results are not necessarily indicative of the results that would have been achieved had the acquisition occurred on February 1, 2004.

Famous Footwear -- Sales by category

Based on 12 months ended January 2005



Appendix: Reconciliation of Net Earnings to Adjusted Net Earnings

	2003		2004		2005 Estimated Range			
					Low		High	
	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS	Net Earnings	EPS
GAAP Results	\$ 46.2	\$ 2.48	\$ 43.3	\$ 2.30	\$ 33.2	\$ 1.75	\$ 37.9	\$ 2.00
<i>Special Charges and Recoveries:</i>								
Naturalizer Restructuring	-	-	-	-	10.4	0.55	8.5	0.45
Tax Repatriation	-	-	-	-	10.4	0.55	10.4	0.55
Bass Transition Costs	-	-	3.5	0.18	-	-	-	-
Bond Guarantee Charge	-	-	2.2	0.12	-	-	-	-
Tax Reserve Recovery	-	-	(1.0)	(0.05)	-	-	-	-
Environmental Litigation	2.0	0.11	0.4	0.02	-	-	-	-
Canada Factory Closure	2.7	0.14	-	-	-	-	-	-
Adjusted Earnings	<u>\$ 50.9</u>	<u>\$ 2.73</u>	<u>\$ 48.4</u>	<u>\$ 2.57</u>	<u>\$ 54.0</u>	<u>\$ 2.85</u>	<u>\$ 56.8</u>	<u>\$ 3.00</u>

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Appendix: Reconciliation of Net Earnings to EBITDA* and Adjusted EBITDA

	<u>2003</u>	<u>2004</u>	<u>2005 Estimated Range</u>		
			<u>Low</u>	<u>--</u>	<u>High</u>
Net Earnings	\$ 46.2	\$ 43.3	\$ 33.2		\$ 37.9
Interest Expense, net	9.3	7.5	18.4		18.4
Income Tax Provision	17.4	13.0	36.3		39.1
Depreciation and Amortization	30.7	31.9	38.3		38.3
EBITDA*	\$ 103.6	\$ 95.7	\$ 126.2		\$ 133.7
<i>Special Charges</i>					
Naturalizer Restructuring	-	-	16.5		13.5
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Adjusted EBITDA	\$ 111.2	\$ 105.4	\$ 142.7		\$ 147.2

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Appendix: Debt to Capital Ratio
Millions of dollars, except for Debt to Capital Ratio

Debt to Capital Ratio	2005-Est	2004	2003	2002	2001
Total Debt Obligations*	\$ 296	\$ 142	\$ 120	\$ 152	\$ 216
Total Shareholders' Equity	<u>426</u>	<u>391</u>	<u>350</u>	<u>292</u>	<u>253</u>
Total Capital	\$ 722	\$ 533	\$ 470	\$ 444	\$ 469
Debt to Capital Ratio**	41%	27%	25%	34%	46%

* Total Debt Obligations include long term debt, current maturities of long-term debt, notes payable and capital lease obligations. 2005 total debt obligations include additional debt related to the Bennett Footwear acquisition.

** Total Debt Obligations divided by Total Capital

Appendix: Operating Margin %

Operating Margin %	2004	2003	2002	2001
Famous Footwear:				
Sales	\$ 1,116.7	\$ 1,073.6	\$ 1,075.2	\$ 1,044.4
Operating Profit	60.3	51.8	44.7	6.8
Operating Margin %	5.4%	4.8%	4.2%	0.7%
Wholesale:				
Sales	\$ 615.9	\$ 561.3	\$ 566.4	\$ 503.3
Operating Profit	44.9	55.8	54.5	51.3
Operating Margin %	7.3%	9.9%	9.6%	10.2%

Management believes the Operating Margin % helps to indicate trends in the Company's operating performance. The non-GAAP measure should be considered in addition to GAAP measures, but should not be considered a substitute for, or superior to, GAAP measures.

Appendix: Reconciliation of Operating Earnings to Adjusted Operating Earnings

(in millions)	<u>2005 Est.</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating Earnings	\$ 91.7	\$ 63.8	\$ 72.9	\$ 71.7	\$ 11.1
<u>Special Charges and Recoveries</u>					
Naturalizer Restructuring	15.0	-	-	(0.8)	16.8
Famous Footwear Inventory Write-Down	-	-	-	-	16.0
Shared Services Platform Implementation	-	-	-	(1.1)	3.5
Famous Footwear New Management Transition	-	-	-	-	3.9
Impairment of Shoes.com Goodwill	-	-	-	-	1.2
Bass Transition Costs	-	5.6	-	-	-
Bond Guarantee Charge	-	3.5	-	-	-
Environmental Litigation	-	-	3.1	-	-
Canada Factory Closure	-	-	4.5	-	-
Adjusted Operating	<u>\$ 106.7</u>	<u>\$ 72.9</u>	<u>\$ 80.5</u>	<u>\$ 69.8</u>	<u>\$ 52.5</u>

2001 - 2005 Est. Operating Earnings Compound Annual Growth Rate (CAGR) 69.5%

2001 - 2005 Est. Adjusted Operating Earnings Compound Annual Growth Rate (CAGR) 19.4%

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