

# Sidoti & Company

## Emerging Growth Institutional Investor Forum

Famous Footwear

Naturalizer

Franco Sarto

LifeStride

Via Spiga

Bass

Etienne Aigner

Dr. Scholl's Original

Carlos  
by Carlos Santana

Nickels Soft

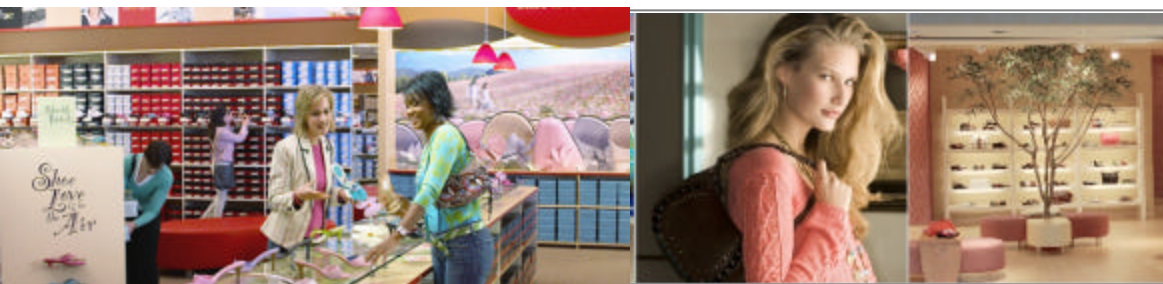
HotKiss

Buster Brown

Shoes.com



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, Operating Earnings and future growth segments of the business. 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 and continuing consolidation within the footwear industry; and (iv) political and economic conditions or other threats to continued and uninterrupted flow of inventory from China and Brazil, where the Company relies heavily on third-party manufacturing facilities for a significant amount of its inventory. 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.

— April 4, 2006

**NOTES:**

**All per share data reflects the Company's 3-for-2 stock split, effective April 3, 2006.**

**Guidance was issued on March 2, 2006 and has not been updated.**



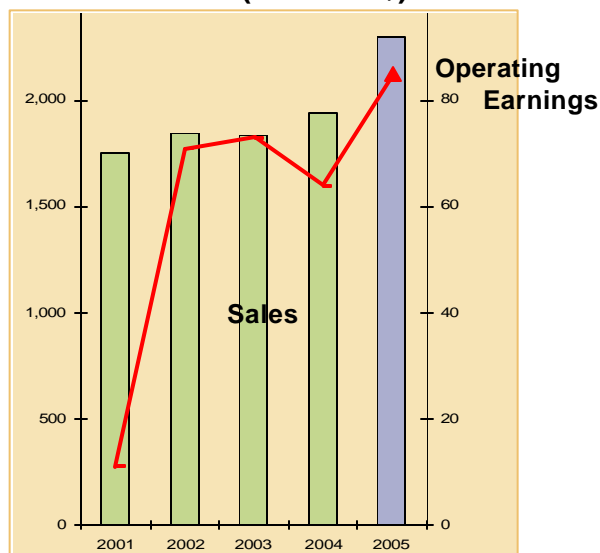


## Agenda – NYSE: BWS

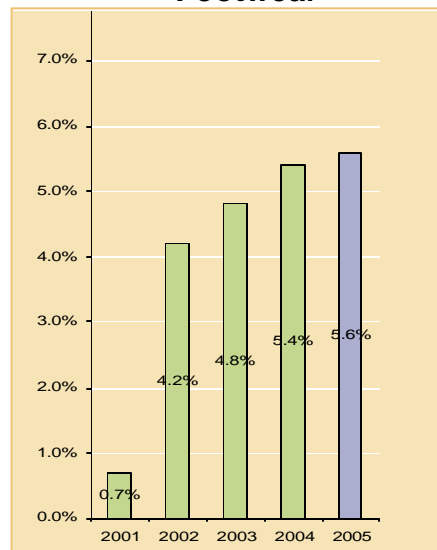
- 1) Reshaping our platform
- 2) Brown Shoe today
- 3) 2005 accomplishments
- 4) Strategies for long-term growth – 2006 Guidance\*

## Reshaped our Platform – 2001 - 2005

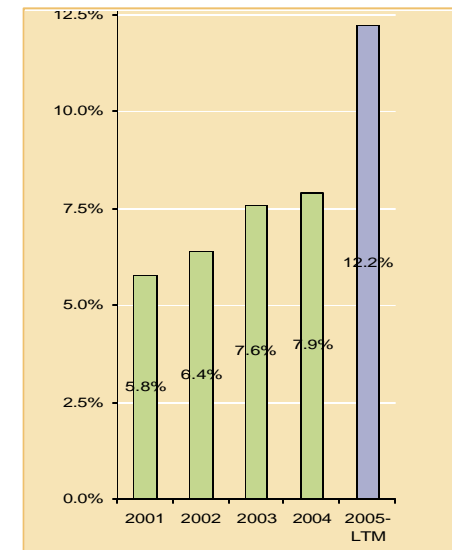
**Sales and Operating Earnings Improvement for BWS (millions \$)**



**Operating Margin Improvement at Famous Footwear**



**Department Store Market Share Improvement at Wholesale\***



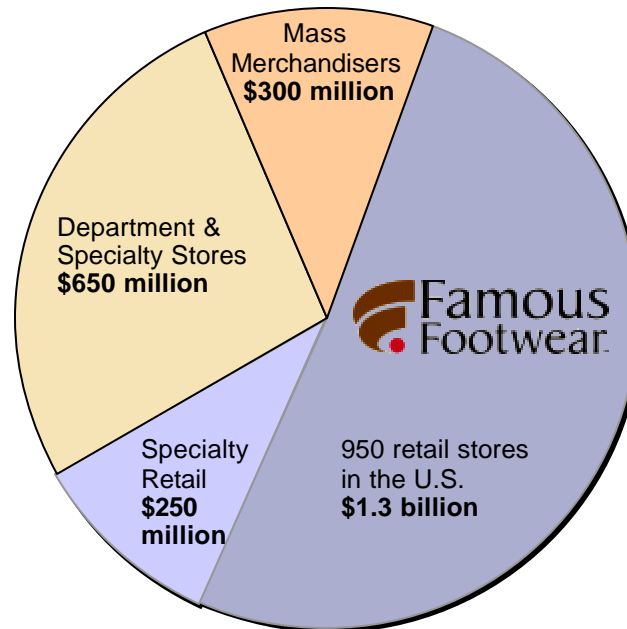
- Net sales increased \$1.76 → \$2.29 billion
- Operating earnings \$11 → \$89 million
- Operating margin approaching 6% at Famous Footwear
- Wholesale market share in dept. stores more than doubled

## Brown Shoe Today -- \$2.5 Billion in Sales Projected for 2006

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

### 39% Wholesale

- 80 million pairs
- 2000 retail customers



### 61% Retail

- 1300 stores
- 120 million consumers visit our stores/year
- 9 e-commerce sites
- 30+ million e-visitors/year



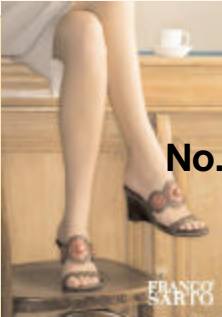
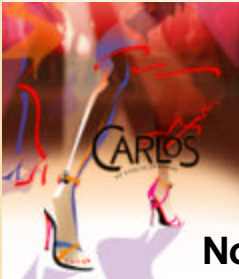







# Overview of our Branded Wholesale Business:



\* Reflects NPD Group Reported POS Dollar Volume. 12 Months ending January 2006.



# Our Portfolio of Brands

| Zone     |   |
|----------|---|
| Bridge   |  <b>No. 8</b>  |
| Better   | <div data-bbox="434 505 643 791">  <b>No. 11</b> </div> <div data-bbox="778 426 1000 739">  <b>No. 2</b> </div> <div data-bbox="1101 385 1340 661">  <b>No. 9</b> </div>  |
| Moderate | <div data-bbox="434 882 635 1170">  <b>No. 3</b> </div> <div data-bbox="772 853 966 1079">  <b>No. 3 men;<br/>No. 15 women</b> </div> <div data-bbox="1132 815 1296 1076">  <b>No. 11 junior</b> </div> <div data-bbox="1391 736 1611 1069">  <b>No. 1</b> </div> |
| Mass     | <div data-bbox="440 1215 674 1329">  </div> <div data-bbox="830 1160 1056 1260">  </div> <div data-bbox="1232 1170 1489 1219">  </div> <div data-bbox="1108 1268 1387 1310"> <p><i>Private Label</i></p> </div>   |

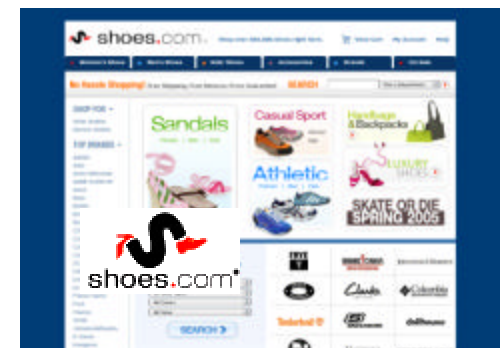
## Overview of our Retail Businesses:



**No. 1- Family Branded**



**No. 4- Women's Specialty**



**No. 3- Internet Footwear**

\* Source: Competitive Shares reported by NPD Consumer Panel Survey, 12 Months ending January 2006.





## 2005 Accomplishments

- 1) Gained traction at Famous Footwear:
  - Record 3Q/4Q; Traffic up; Same-store sales up 2.5% for year
- 2) Acquired Bennett: upscale brands; accretive by \$0.11 per share
- 3) Achieved rebound in key areas of wholesale business: strengthened operating margins
- 4) Restructured Naturalizer store base: closings completed, same-store sales up 5.1% in Q4 for ongoing stores
- 5) Doubled e-commerce sales



## 2005 Financial Accomplishments

- 1) Sales growth of 18% to \$2.3 billion (half from Bennett)
- 2) EPS \$1.45 – up 31% on an adjusted basis\* to \$2.22
  - Famous Footwear operating earnings rise 11%
  - Wholesale operating earnings increased 78%
    - Bennett delivering as expected
- 3) Strengthened Balance Sheet and Cash Flow
  - Inventories down, well managed
  - Debt-to-cap of 31.5%
  - Net cash from operating activities of \$146.8 million
- 4) Announced 3-for-2 stock split; Raised dividend 20%

\* This is a non-GAAP financial measure. See the Appendix for a Reconciliation of Net Earnings to Adjusted Net Earnings.



## Key Strategies for Long-Term Growth:

- 1) Create differentiation – for our stores, our footwear, our brands
- 2) Create consumer preference with compelling footwear design & styles
- 3) Lead in Speed-to-Market – to increase sell-throughs and reduce markdown risk.
- 4) Build our portfolio of brands

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

### 2006 Growth drivers include:

- Famous Footwear traction
- Bennett acquisition
- Wholesale "sell-through" business model
- Specialty Retail initiative
- E-commerce growth

### 2006 Guidance\*

#### Annual

- Sales up 8% to \$2.48 billion
- EPS up 50% (8% on adjusted basis\*\*)
- Famous Footwear comps of 2 to 3%
- Shifting of earnings between Q1/Q2

#### First Quarter

- Sales up 8% to \$560-\$570 million
- EPS double LY (down 30% on adjusted basis\*)

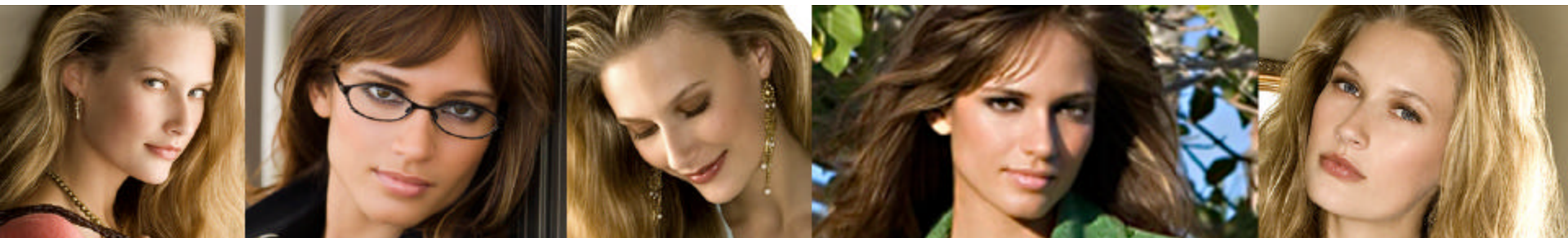
#### Second Quarter

- Sales up 6% to \$580-\$590 million
- EPS double LY (GAAP and adjusted)

\* Guidance was issued on March 2, 2006 and has not been updated.

\*\* This is a non-GAAP financial measure. See the Appendix for a Reconciliation of Net Earnings to Adjusted Net Earnings.





Long-Term Goal – Targeting high single-digit revenue growth and 10-15% compound earnings growth rate.

*Longer term growth drivers:*

- Famous Footwear – creating differentiation with preference to provide the basis for significant door count expansion
- Wholesale – achieving margin and market share opportunities via strong, well-differentiated brands.
- Specialty Retail – building a multi-channel, cost-effective specialty store and e-commerce platform for growing our brands, while contributing gross margin dollars
- Platform Efficiency – continuing to reshape our platform to increase our earnings potential