

EVERY PERSON, EVERY DAY, EVERY MOMENT

Investor Update

BROWN SHOE COMPANY, INC.

Fall 2008

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:

This investor update contains certain forward-looking statements and expectations regarding the Company's future performance and the future performance of its brands. Such statements are subject to various risks and uncertainties that could cause actual results to differ materially. These include (i) the preliminary nature of estimates of the costs and benefits of strategic business transformation, which are subject to change as the Company makes decisions and refines these estimates over time; (ii) potential disruption to the Company's business and operations as it implements the ERP application as well as the relocation of positions from its Madison, WI office to its St. Louis, MO headquarters; (iii) the timing and uncertainty of activities and costs related to redevelopment of the Company's St. Louis, MO headquarters site as well as software implementation and business transformation; (iv) the Company's ability to utilize its new information technology system to successfully execute its growth strategy; (v) intense competition within the footwear industry; (vi) rapidly changing consumer demands and fashion trends and purchasing patterns, which may be influenced by consumers' disposable income, which in turn can be influenced by general economic conditions; (vii) customer concentration and increased consolidation in the retail industry; (viii) 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; (ix) the Company's ability to attract and retain licensors and protect its intellectual property; (x) the Company's ability to secure leases on favorable terms; (xi) the Company's ability to maintain relationships with current suppliers; (xii) the Company's ability to successfully execute its international growth strategy; and (xiii) the uncertainties of pending litigation. The Company's reports to the Securities and Exchange Commission contain detailed information relating to such factors, including, without limitation, the information under the caption "Risk Factors" in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended February 2, 2008, which information is incorporated by reference herein and updated by the Company's Quarterly Reports on Form 10-Q. The Company does not undertake any obligation or plan to update these forward-looking statements, even though its situation may change.

- September 23, 2008



NOTE:

Full-Year and Third Quarter 2008 guidance was issued on August 27, 2008 and has not been updated.

BROWN SHOE FITS THE WORLD...

with lifestyle footwear that expresses the individual consumer's fashion sensibility. Whether at play, at work or on the town, people trust Brown Shoe's signature brands to walk them through the stories of their lives.

Brown Shoe is proud to offer a compelling family of footwear brands that reveal an intrinsic understanding of its consumers at every stage of their lives. Each shoe is an intuitive yet calculated response to the needs, desires and distinctive personalities of men, women and children passionate about substance and style.

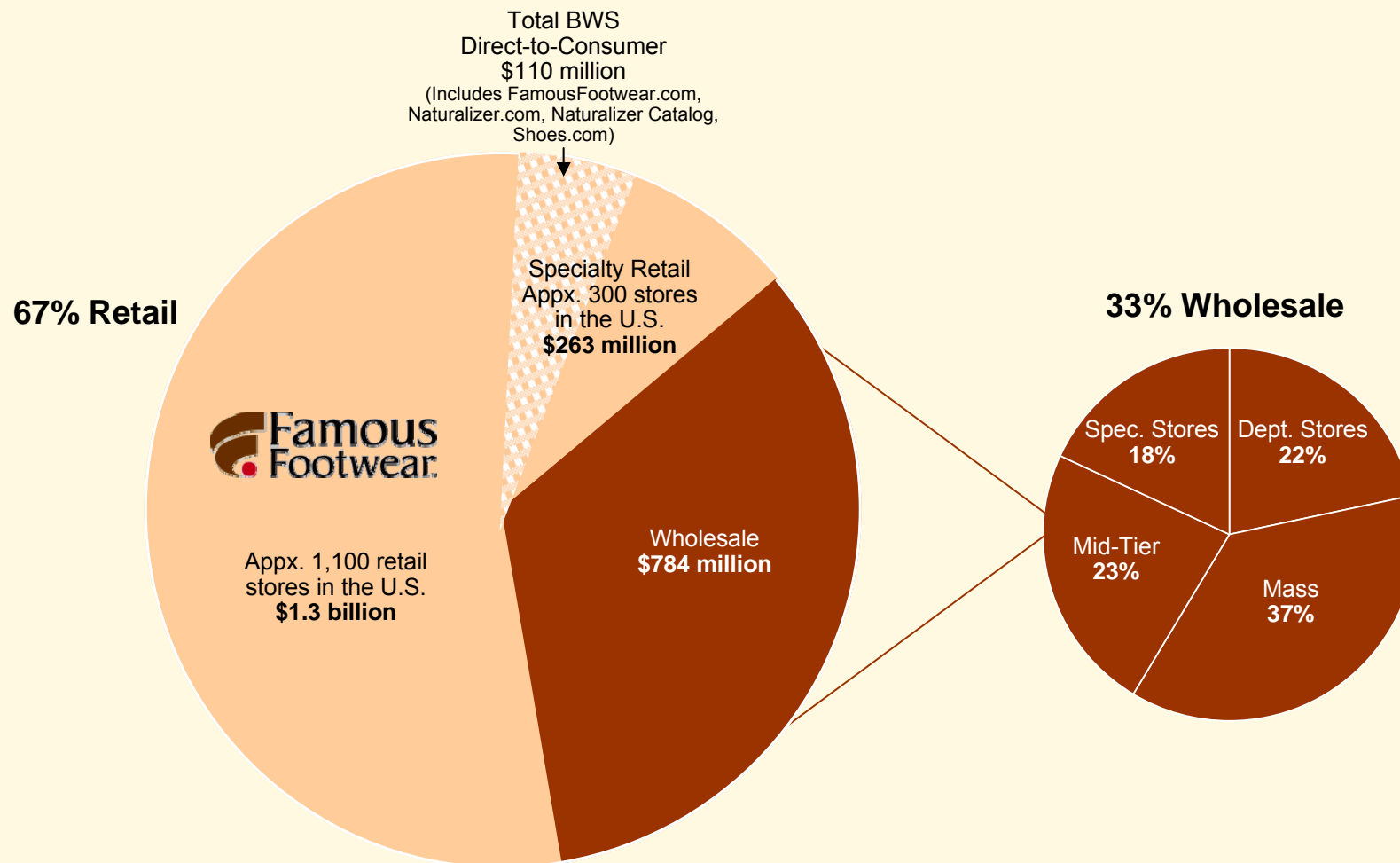
Every day, people around the globe put on shoes before stepping out into the world. Every day, Brown Shoe works diligently to design and deliver brands that strengthen its highly personal connection to consumers. Brown Shoe delivers an expertly crafted business model – across retail, e-commerce and wholesale – built on a global platform of integrated business systems and diverse distribution channels.

Future-focused and innovative, Brown Shoe listens carefully and thoughtfully, evolving brands that give our customers the confidence to be themselves...

every person,
every day,
every moment.



Brown Shoe - \$2.4 Billion in Sales for 2007



Brown Shoe Platform

A greatly connected footwear company with an integrated, synergistic wholesale-retail platform



- Appx. 1,400 total retail doors – appx. 1,100 Famous Footwear, appx. 300 Naturalizer, Brown Shoe Closet, FX LaSalle, and branded concepts. 130 million consumer visits per year
- 2,000 retail customers served across our branded and private label/brand divisions
- Integrated ecommerce platform for all BWS brands – including 3rd largest pureplay internet footwear retailer in Shoes.com. 30+ million e-visitors per year

- World class global sourcing network. Sourced 76 million pairs at wholesale and sold 40 million at retail
- All BWS brands play across BWS retail/e-commerce concepts
- 13% to 15% of Famous Footwear sales from BWS brands
- Front-end / Back-end perspective from retail and wholesale provides greater insights to consumer desires and understanding of trends
- Cross-skilled talent base

Brown Shoe Platform

Power of the Integrated Wholesale/Retail Model → Driving Growth, Profitability, and Value Creation

Control the Customer Experience

- Fragmentation of the consumer has significantly expanded the matrix of style preferences and retail options
- Integrated model allows a wide variety of brands in the “right” channel

Maximize the Value of Footwear Expertise

- Consumer contact and feedback at retail and ecommerce stimulates and accelerates the design process
- Improves ability to stay “on-trend” across segments

Own the Entire Margin

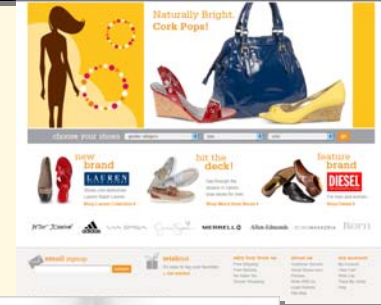
- Capturing greater product margin on owned brands through owned retail
- Careful balance to minimize channel conflict

Leverage Infrastructure

- Optimizes supply chain and distribution
- Leverages shared resources and costs
- Increases scale

Diversify the Business Model

- Removes volatility through portfolio of retail and wholesale brands
- Maximizes returns on capital



Brown Shoe Portfolio

*Source: NPD. 12 months ending February 1, 2008. This NPD data is confidential and proprietary and cannot be reproduced or disseminated by third parties without prior written consent.

Fashion

Domestic Sales = \$32.7B*

Athletic

Domestic Sales = \$10.8B*

Salon

Bridge

VIA SPIGA

SHOES.COM

Impulse



Better

FRANCO SARTO



Reba

ETIENNE AIGNER

Moderate

naturalizer

natural soul by naturalizer

NICKELS soft

LifeStride

Junior



FERGALICIOUS by FERGIE

Famous Footwear



Comfort



Dr. Scholl's Inside

Buster Brown
KIDS ONLY. FOOT.



FOOTWEAR

Mass



Private Label / Brand

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BROWN SHOE

Brown Shoe Vision

Brown Shoe is the leading fashion footwear marketer, winning loyal customers with compelling global brands.

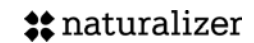
Doubling our rate of profitability while doubling our sales over the next five years.

EVERY PERSON, EVERY DAY, EVERY MOMENT

VIA SPIGA



SHOES.COM



ETIENNE AIGNER



FRANCO SARTO



NICKELS soft



naturalizer
by naturalizer

BROWN SHOE

Growth and Profit Drivers

1. Build powerful consumer brands

- Grow brand equity of flagship brands
- Test, incubate, and grow new brands
- Search for strategic opportunities that fit our growth criteria

2. Drive brands through owned retail

- Leverage vertical & multi-channel businesses
- Maximize owned-distribution and owned-branded assets

3. Expand our brands to global markets

- Extend existing brands to international markets
- Build and acquire brands with international demand

4. Penetrate growth markets

- Target new and fast-growing markets and channels of distribution

5. Drive operational excellence and maximize synergies

- Earnings Enhancement Plan, Real Estate Strategy, Consumer-Driven Model, Inventory Management
- Implementing enterprise-wide information systems to support and leverage our operations

Investing over \$1 billion in Talent, Stores, Systems, and Marketing over the next five years



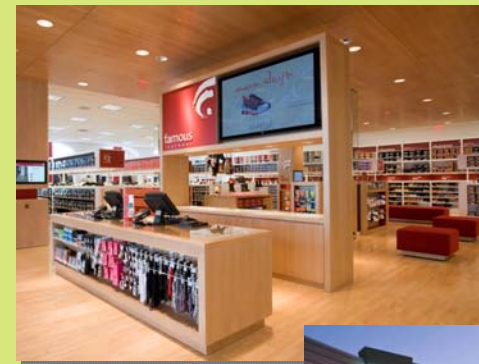


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Famous Footwear

"Shoe Love Is True Love"

- Growth opportunity to a minimum of 1,500 doors. As new stores mature, operating performance will improve across the store base
- Real estate strategy to maximize markets
- Leading inventory management disciplines
- Leveraging multi-channel platform
- Using technology to redefine service
- Vertical synergy → 13% - 15% of sales from Brown Shoe brands. Retail growth feeds Wholesale growth
- Approximately 54% of sales are driven by our rewards program



BROWN SHOE



EVERY PERSON, EVERY DAY, EVERY MOMENT

Naturalizer

"Beautiful Feels So Good"

- Extended brand essence to new categories and consumer touchpoints
- Tightly-targeted consumer communications
- Sell-through model; fresh trend-right product
- Improved product delivered when she wants to buy
- All-in brand (retail and wholesale combined) contributes double-digit operating margins
- Global expansion – next 5 years, through combination of joint venture and licenses, 400 Naturalizer stores will be opened in China and the Far East, as well as an additional 32 new stores in Japan. Potential for a total 700 – 750 Naturalizer stores outside of US in next 5 years
- Launched Natural Soul in Kohl's in 2007

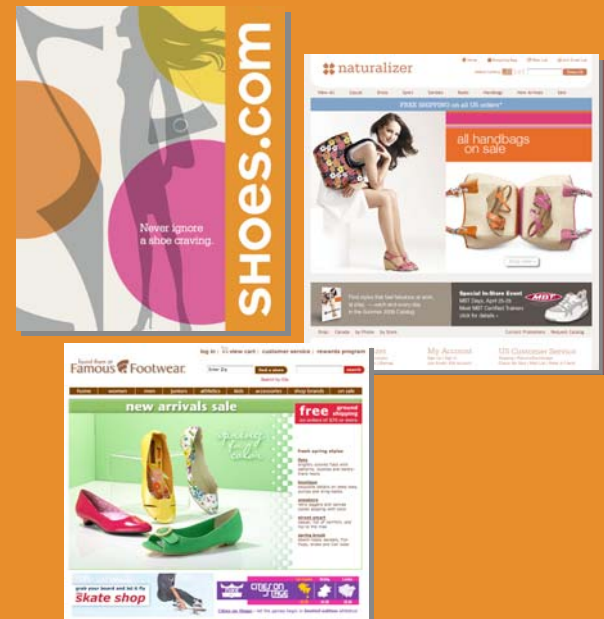


BROWN SHOE

"My Own Private
Shoe Store"

Direct To Consumer

- Growth by winning in new and emerging markets
- \$350 to \$450 million opportunity in next 5 years
- Integrated platform. Consolidated Shoes.com into St. Louis in 2007
- Re-launched Shoes.com in Spring 2008
- Branded web sites and multi-channel opportunities



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BROWN SHOE



EVERY PERSON, EVERY DAY, EVERY MOMENT

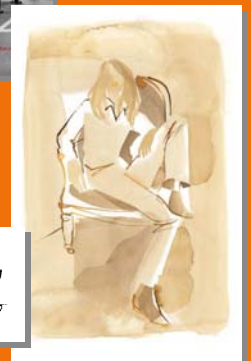
Brown New York

VIA SPIGA *Sam Edelman*
FRANCO SARTO  ETIENNE AIGNER

- Provides fashion halo to portfolio
- Strong emotional connection with consumer
- Fashion, Style Credibility, Talent
- Brand extension and lifestyle potential
- Expect double-digit sales increase in 2008
- August 2008, announced agreement with Vera Wang to design and market her Lavender Label Collection



Marco Jacobs



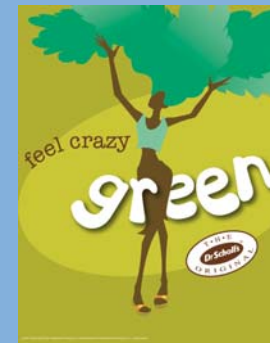
BROWN SHOE



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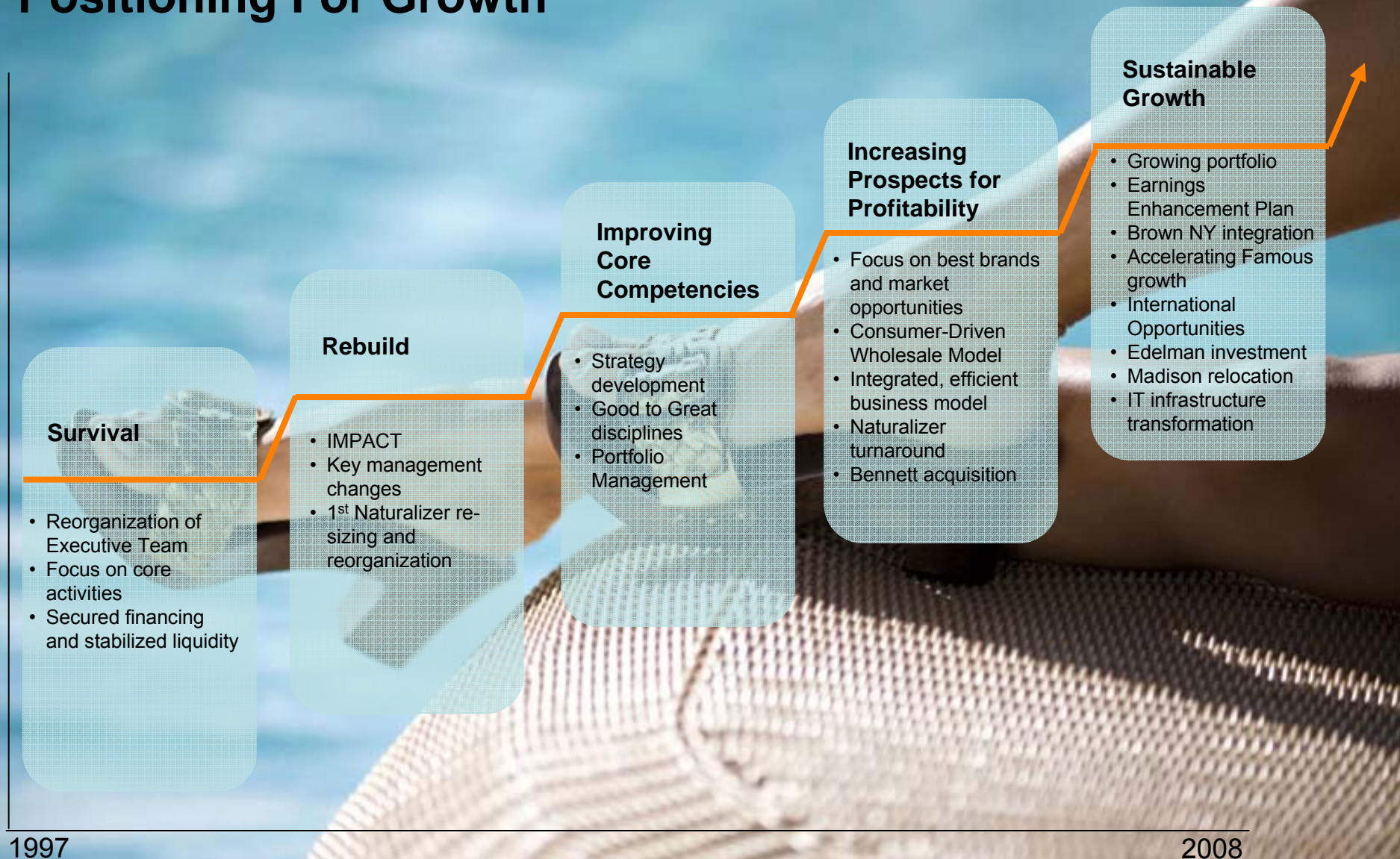
Dr. Scholl's®

- Innovation and technology
- High brand recognition and strong equity
- Partnerships with Wal-Mart and Schering-Plough
- Extending brand into new categories and channels
 - Original Dr. Scholl's
 - Feel Crazy Green – sustainability product
 - Dr. Scholl's Studio – Mid-Tier brand extension
- Growth through Brown Shoe vertical model at Famous Footwear



BROWN SHOE

Positioning For Growth



Appendix

Non-GAAP Financial Measures

In the following pages, the Company's financial results and measures are provided both in accordance with generally accepted accounting principles (GAAP), and using certain non-GAAP financial measures. In particular, the Company provides historic and estimated future net earnings per diluted share excluding certain charges and recoveries, as well as Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), which are non-GAAP financial measures. In addition, the Company provides financial data for certain of its Famous Footwear stores, including sales per square foot, total sales, operating earnings, EBITDA, cash investments, and return on investment, which are non-GAAP financial measures. These results and measures are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help indicate underlying trends in the Company's business and provide useful information to both management and investors by excluding certain items that are not indicative of the Company's core operating results. These results and measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results.



Recent Events – Famous Footwear Transition

On April 10, 2008, announced the relocation of Madison office to St. Louis



This move will create one greatly connected footwear company

- Will aid in achieving our vision of being a leading footwear marketer and doubling our rate of profitability while doubling sales, as it will foster collaboration, increase speed-to-market and strengthen our connection with consumers

The transition began during the first quarter of 2008 and is expected to be substantially complete by the end of the third quarter of 2008

We expect to incur pre-tax expenses of \$25 to \$30 million (after-tax \$0.37 to \$0.44 per diluted share) to implement the transition, to be substantially incurred in fiscal 2008. For the full year 2008, we expect after-tax costs of \$0.09 per diluted share, net of an expected nonrecurring gain on real estate sales. Cost breakdown is expected to be as follows:

Expense Category	Estimate of Pre-Tax Expenses
People-related costs, including relocation, retention incentives and severance	\$15 - \$16 million
Asset write-offs (non-cash)	\$4 - \$5 million
Lease termination costs	\$4 - \$6 million
Other	\$2 - \$3 million
Total	\$25 - \$30 million

Under various state economic development programs, we will collaborate with public partners to attempt to avail ourselves of eligible incentives totaling approximately \$37 million related to training and job creation and redevelopment of our Clayton site

- Our growth plan anticipates relocating or creating 500 - 700 new jobs over the next several years
- We intend to work with public and private partners on the redevelopment of our 12-acre property into a mixed-use project with office, retail, and residential facilities, that will include a new, more efficient headquarters for the Brown Shoe of the future. Working with our development partners, we anticipate a monetization of existing assets and an operating lease of the new facility on a portion of the existing property.

Recent Events – IT Transformation

- During the second quarter of 2008, the Company announced plans to implement an integrated information technology system provided by SAP AG and Parametric Technology Corporation, third-party vendors;
- The Company will utilize SAP's industry specific solution, SAP Apparel and Footwear Solution for Consumer Products package, to help manage its supply chain;
- The Enterprise Resource Planning (ERP) information technology system will replace certain existing internally developed and other third-party applications and will support the Company's growth strategy while streamlining and transforming day-to-day operations for our integrated business model;
- The Company anticipates the implementation will enhance its profitability and deliver increased shareholder value through improved management and execution of its business operations, financial systems, supply chain efficiency and planning and employee productivity. The phased implementation began during the second quarter of 2008 and is expected to continue through 2011;
- The Company expects costs of \$0.04 per diluted share in 2008 related to the ERP implementation.

Third Quarter 2008 & Full Year Guidance

Guidance was issued on August 27, 2008 and has not been updated

<u>Consolidated Sales:</u>	<u>2008 Estimated</u>	<u>2007 Actual</u>
Third Quarter	\$650 - \$660 million	\$646 million
Full Year	\$2.38 - \$2.40 billion	\$2.36 billion

EPS:

Third Quarter	\$0.31 to \$0.41	\$0.61
Full Year	\$1.12 to \$1.29	\$1.37

Other Annual Estimates:

Consolidated Tax Rate: 24% to 26%

Famous Footwear

Same-Store Sales: -2 to -4% for the full year; -1% to -3% for Q3

Store Openings: 90 openings and approximately 30 closings for the full year

Wholesale: Wholesale sales are expected to be flat to -2% for the full year and be flat to -4% in Q3




Capital Expenditures: \$85 to \$90 million, reflecting new and remodeled stores, logistics network and other infrastructure, and capitalized software and information systems upgrades relating to IT infrastructure transformation

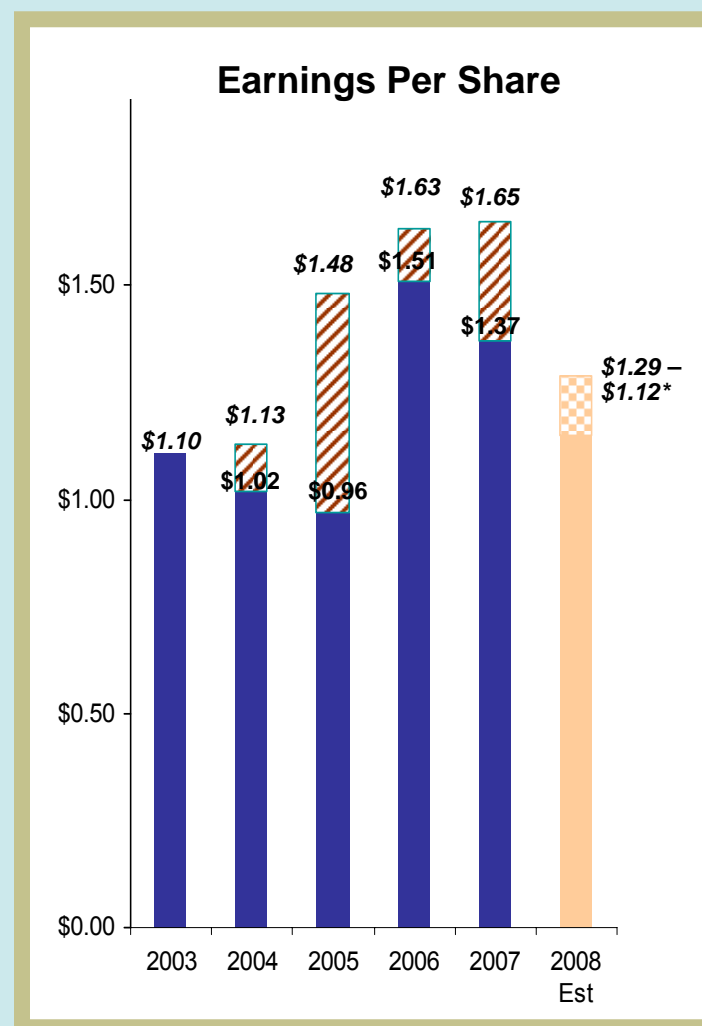
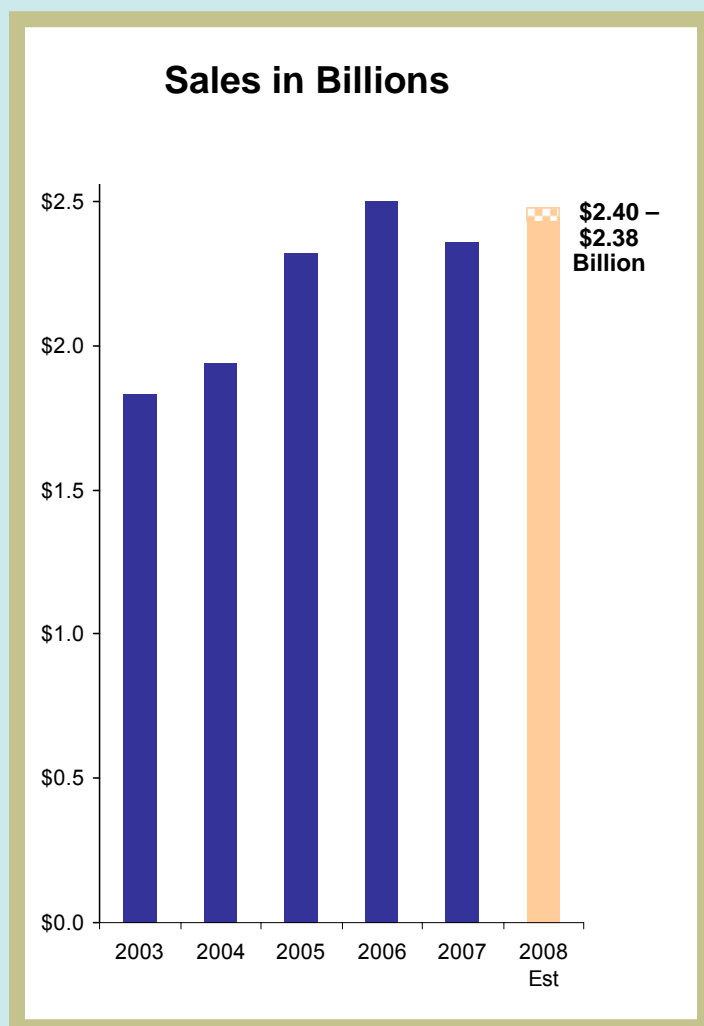
Other: Full year EPS guidance includes:

- Costs of \$0.09 per diluted share, net of an expected non-recurring gain on real estate sales, related to the relocation of Madison, WI offices to St. Louis. Costs of \$0.04 per diluted share related to information technology infrastructure transformation. (In Q308, EPS includes \$0.21 per diluted share in costs related to the Madison relocation and Information Technology infrastructure transformation);
- Gain of \$0.15 per diluted share for insurance recoveries, net of related fees and costs.

Sales and EPS – 2003 to Estimated 2008

Guidance was issued on August 27, 2008 and has not been updated

 Adjusted EPS
 GAAP EPS
 Guidance range



*Charges and recoveries included in net earnings and EPS for 2006 & 2007 are listed in Reconciliation of GAAP Net Earnings to Adjusted Net Earnings on page 26.

NOTE: Please see page 16 for language regarding non-GAAP financial data

Review of BWS Financials

(all \$'s in millions except EPS, all earnings are on a GAAP basis)

	<u>26 Weeks Ended August 2, 2008</u>	<u>26 Weeks Ended August 4, 2007</u>	<u>% Chg.</u>
Net Sales	\$1,123.7	\$1,142.9	-1.7%
Net Earnings	\$9.4	\$19.5	-51.6%
EPS	\$0.23	\$0.44	-47.7%
Gross Margin	39.2%	40.3%	
Debt/Cap*	21.1%	21.1%	
EBITDA**	\$45.6	\$60.0	-24.0%

* See page 24 for Debt/Cap reconciliation table

**See page 25 for EBITDA reconciliation table

NOTE: Please see page 16 for language regarding non-GAAP financial data

Earnings Enhancement Plan: Savings of \$26 million through 2007

Key Accomplishments in 2007:

Reorganization of Brown Shoe Retail and associated consolidation of key functions:

- Blended all retail field operations and store support functions, across all retail formats
- Created enterprise-wide D2C organization, including relocation of Shoes.com organization to St. Louis

Continued reorganization of key Wholesale operations:

- Completed Brown New York reorganization and redevelopment of core merchandising functions

Consolidation of total corporate real estate and organizational locations:

- Needham office, Dover Distribution Center, LA office (in Shoes.com relocation), Satellite sourcing offices (Italian offices, Taiwan office, Brazil house)

Executed other key operating efficiency initiatives:

- Reorganized corporate and divisional finance functions
- Increased leverage of non-trade spend (e.g. indirect procurement)
- Achieved budgeted inventory turns due to retail inventory optimization initiative

Remaining key areas of focus:

- Distribution Network - made decision to open West Coast Retail DC, enabling improved operating efficiencies across our retail supply chain
- Headquarters consolidation - decision to join Madison and St. Louis offices announced in April 2008
- Enterprise-wide information systems - decision to implement enterprise resource planning system in August 2008



Capital Expenditure Schedule

(all \$'s in millions)

	2008 Est.	2007
New Stores	\$ 14.0 to \$ 15.0	\$ 22.8
Remodel	16.0 to 17.0	13.8
Logistics	25.0 to 25.0	0.1
Infrastructure (Incl. IT hardware)	13.0 to 15.0	4.8
Software (incl. ERP)	17.0 to 18.0	5.7
Total	<u>\$ 85.0 to \$ 90.0</u>	<u>\$ 47.2</u>

NOTE: Please see page 16 for language regarding non-GAAP financial data

Debt to Capital Ratio

(\$'s in millions)

Debt to Capital Ratio	<u>Q2 2008</u>	<u>Q2 2007</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Debt Obligations*	\$ 150	\$ 150	\$ 165	\$ 151	\$ 200	\$ 142
Total Shareholders' Equity	<u>559</u>	<u>560</u>	<u>559</u>	<u>524</u>	<u>434</u>	<u>391</u>
Total Capital	\$ 709	\$ 710	\$ 724	\$ 675	\$ 634	\$ 533
Debt to Capital Ratio**	21.1%	21.1%	22.8%	22.4%	31.5%	26.6%

* Total Debt Obligations include long-term debt and borrowings under revolving credit agreement.

** Total Debt Obligations divided by Total Capital

NOTE: Please see page 16 for language regarding non-GAAP financial data

EBITDA Reconciliation

(all \$'s in millions)

	26 Weeks Ended <u>August 2, 2008</u>	26 Weeks Ended <u>August 4, 2007</u>
Operating Earnings	\$ 18.3	\$ 35.3
Depreciation & Amortization *	27.3	24.7
EBITDA	<u>\$ 45.6</u>	<u>\$ 60.0</u>

* Depreciation & amortization excludes amortization of debt issuance costs in the amount of \$0.7 million for the 26 weeks ended August 2, 2008 and August 4, 2007

NOTE: Please see page 16 for language regarding non-GAAP financial data

Reconciliation of GAAP Net Earnings to Adjusted Net Earnings (2007 vs. 2006)

(\$'s in thousands)	2007		2006	
	Net Earnings	EPS	Net Earnings	EPS
GAAP Net Earnings	\$60,427	\$1.37	\$65,708	\$1.51
<u>Charges/Other Items:</u>				
Earnings Enhancement Plan	12,351	0.28	3,927	0.09
Bass Exit Costs	-	-	2,337	0.05
Insurance Recoveries, Net	-	-	(1,007)	(0.02)
Adjusted Net Earnings	\$72,778	\$1.65	\$70,965	\$1.63

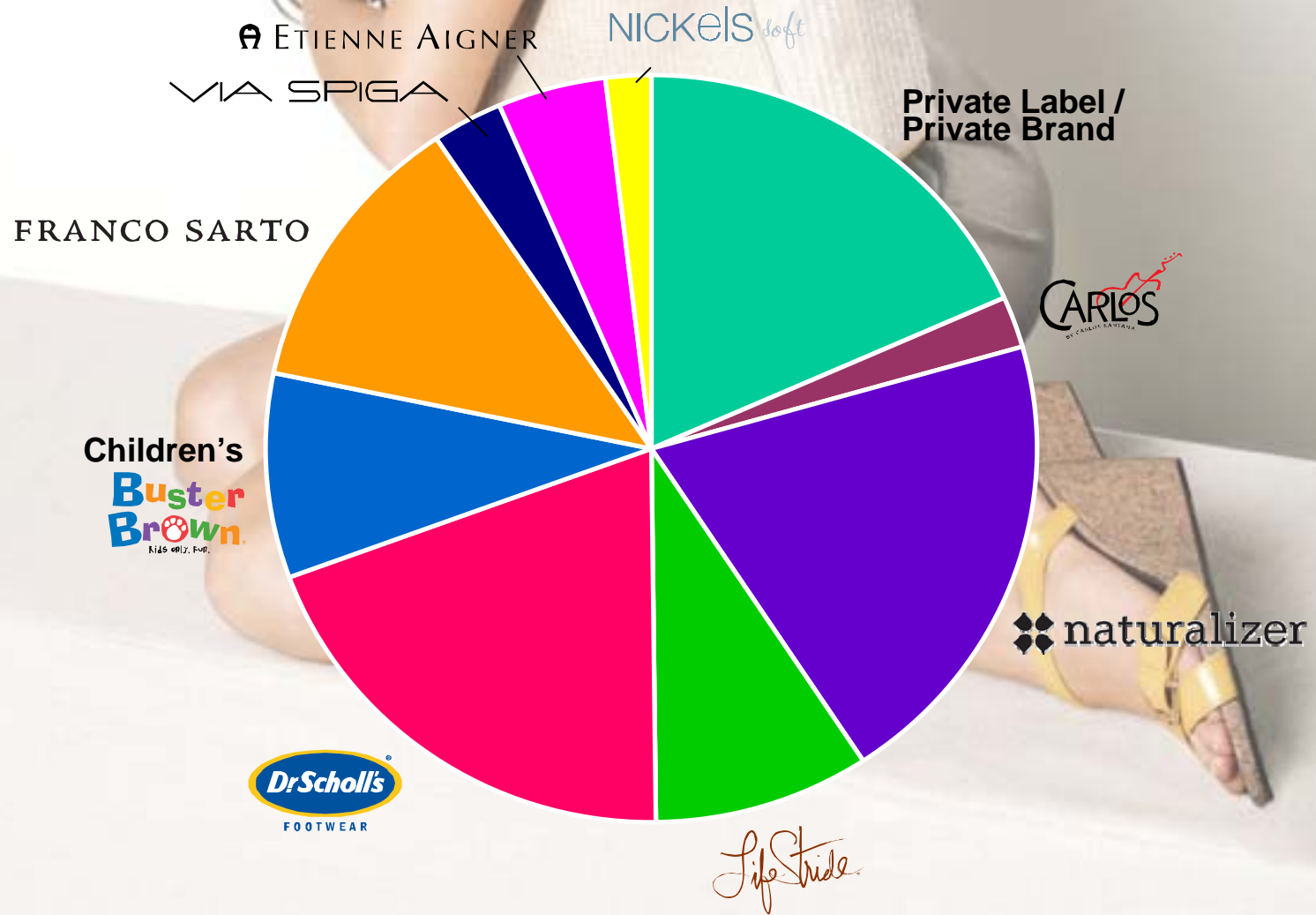
NOTE: Please see page 16 for language regarding non-GAAP financial data

Review of Segment Financials

	<u>26 Weeks Ended</u> <u>August 2, 2008</u>	<u>26 Weeks Ended</u> <u>August 4, 2007</u>	<u>% Chg.</u>
(\$'s in millions)			
Famous Footwear			
Sales	\$645.0	\$641.4	0.6%
Operating Profit	\$18.9	\$40.0	-52.8%
Same-Store Sales	-5.1%	3.5%	
Specialty Retail			
Sales	\$121.0	\$122.3	-1.1%
Operating Profit	-\$7.8	-\$4.7	-66.0%
Same-Store Sales	-3.0%	0.9%	
Wholesale			
Sales	\$357.7	\$379.2	-5.7%
Operating Profit	\$20.3	\$25.9	-21.8%

NOTE: Please see page 16 for language regarding non-GAAP financial data

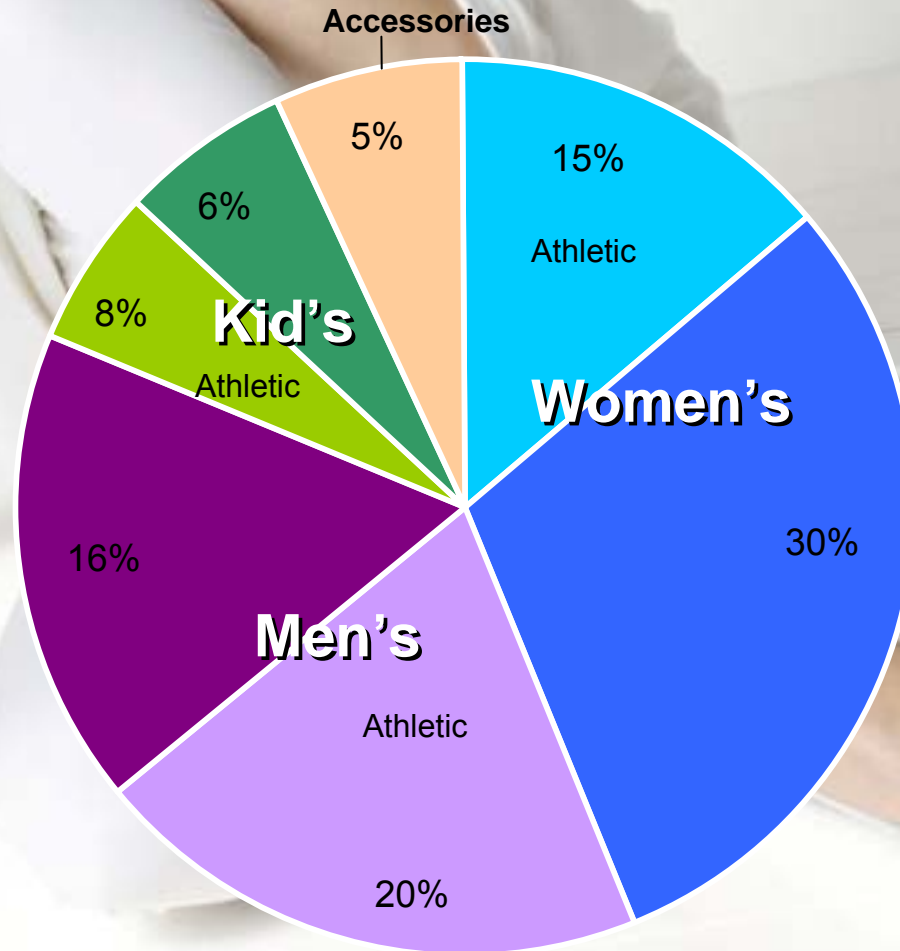
Wholesale Portfolio - 2007



Famous Footwear: Sales by Category 2007

Athletic Product = 43%

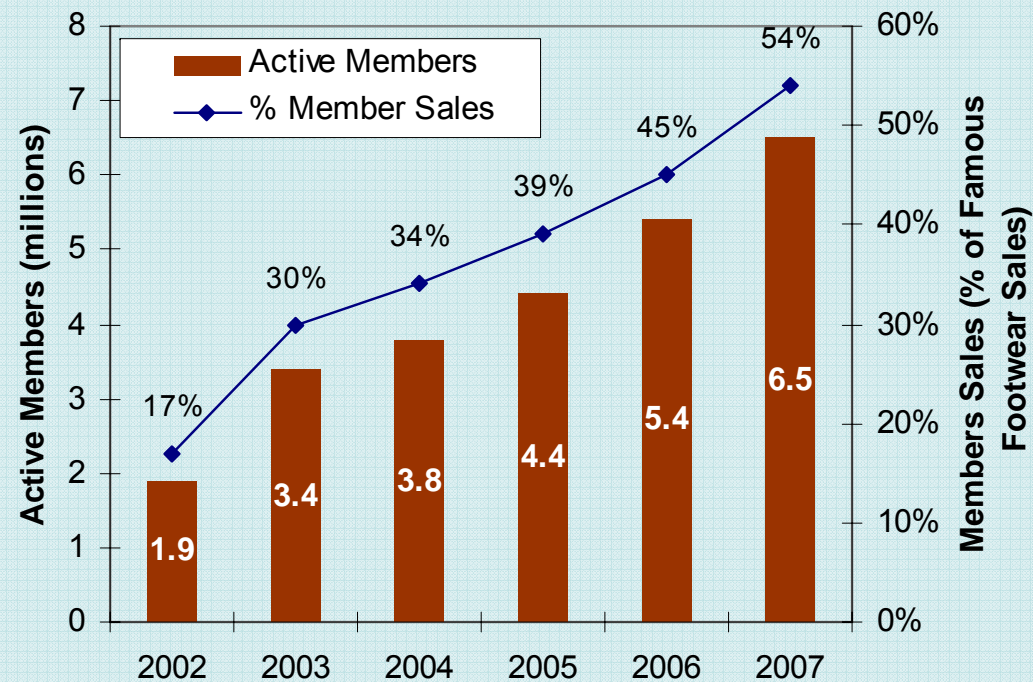
Fashion Product = 57%



Famous Footwear: Rewards Program

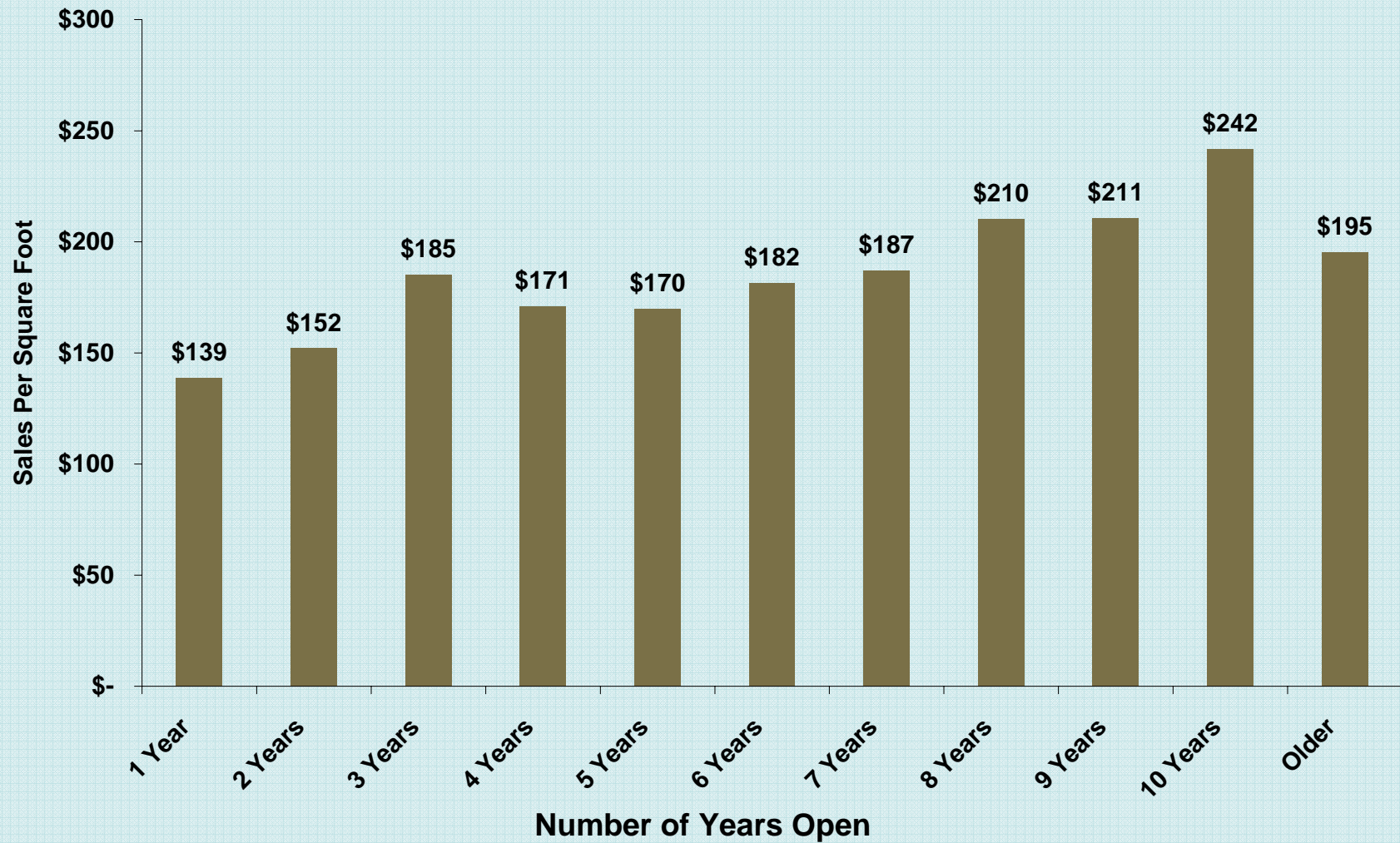
Through increased focus on customer relationship management, the Famous Footwear Rewards Program has shown continued improvement and currently contributes more than 50% of Famous Footwear sales. The Rewards customer spends more per transaction, buys more units per transaction, and buys more often. The retention rate is approximately 50%.

Famous Footwear Rewards - Active Members
(defined as purchased in past 12 months)



Famous Footwear: Store Maturity

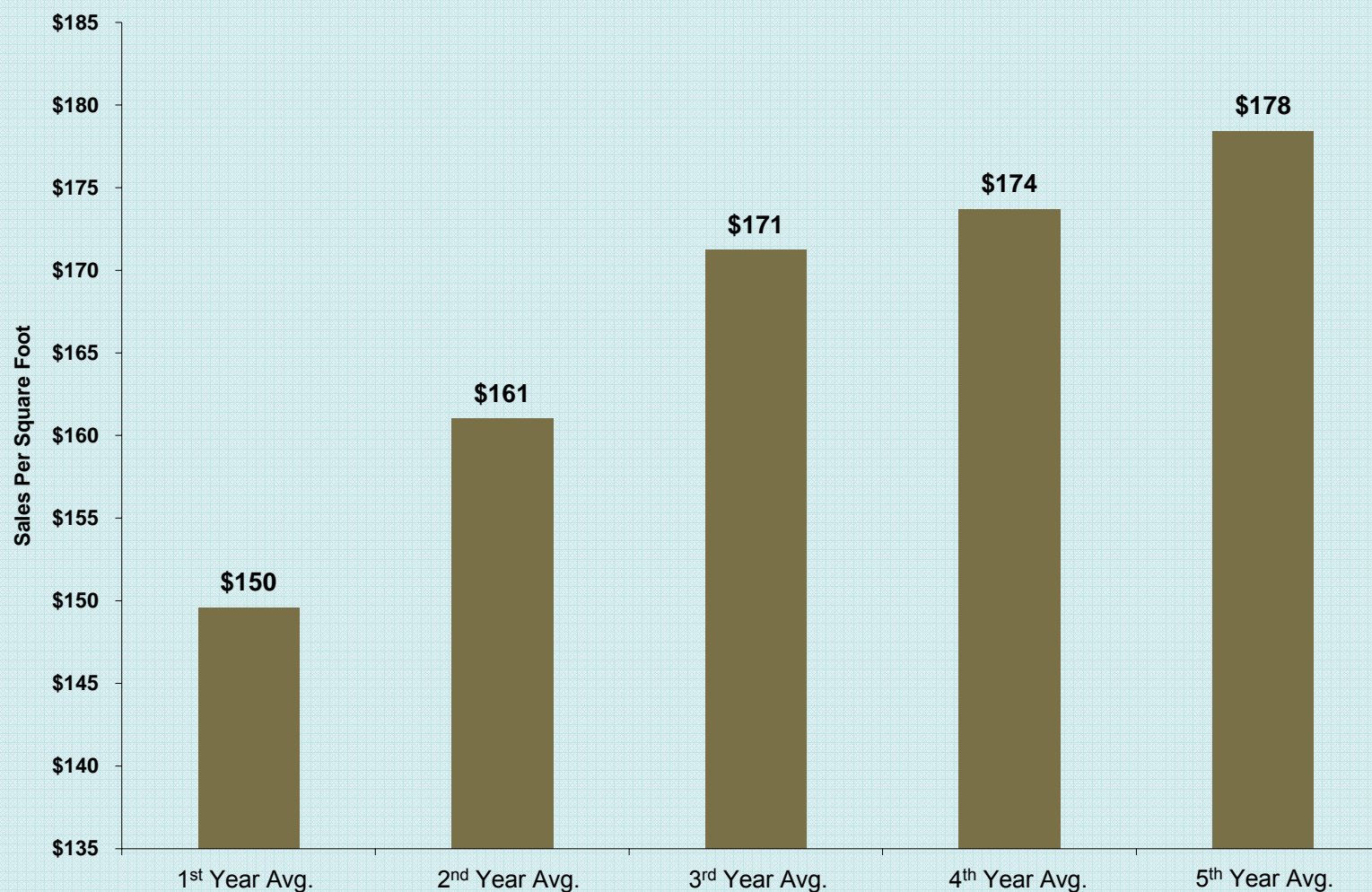
2007 Sales per Square Foot



NOTE: Please see page 16 for language regarding non-GAAP financial data

Famous Footwear: New Store Sales Performance

Represents average sales per square foot results for all stores opened during the 2001-2006 period



NOTE: Please see page 16 for language regarding non-GAAP financial data

Famous Footwear: Unit-level Store Economics

(all \$'s in thousands)

2007 Operating Performance			
(Average store for all stores more than 2 yrs old)			
Sales	\$ 1,317		
\$ per Square Ft.	\$ 188		
		<u>% of Sales</u>	
Operating Earnings	98	7.4%	
EBITDA	<u>\$ 118</u>	8.9%	

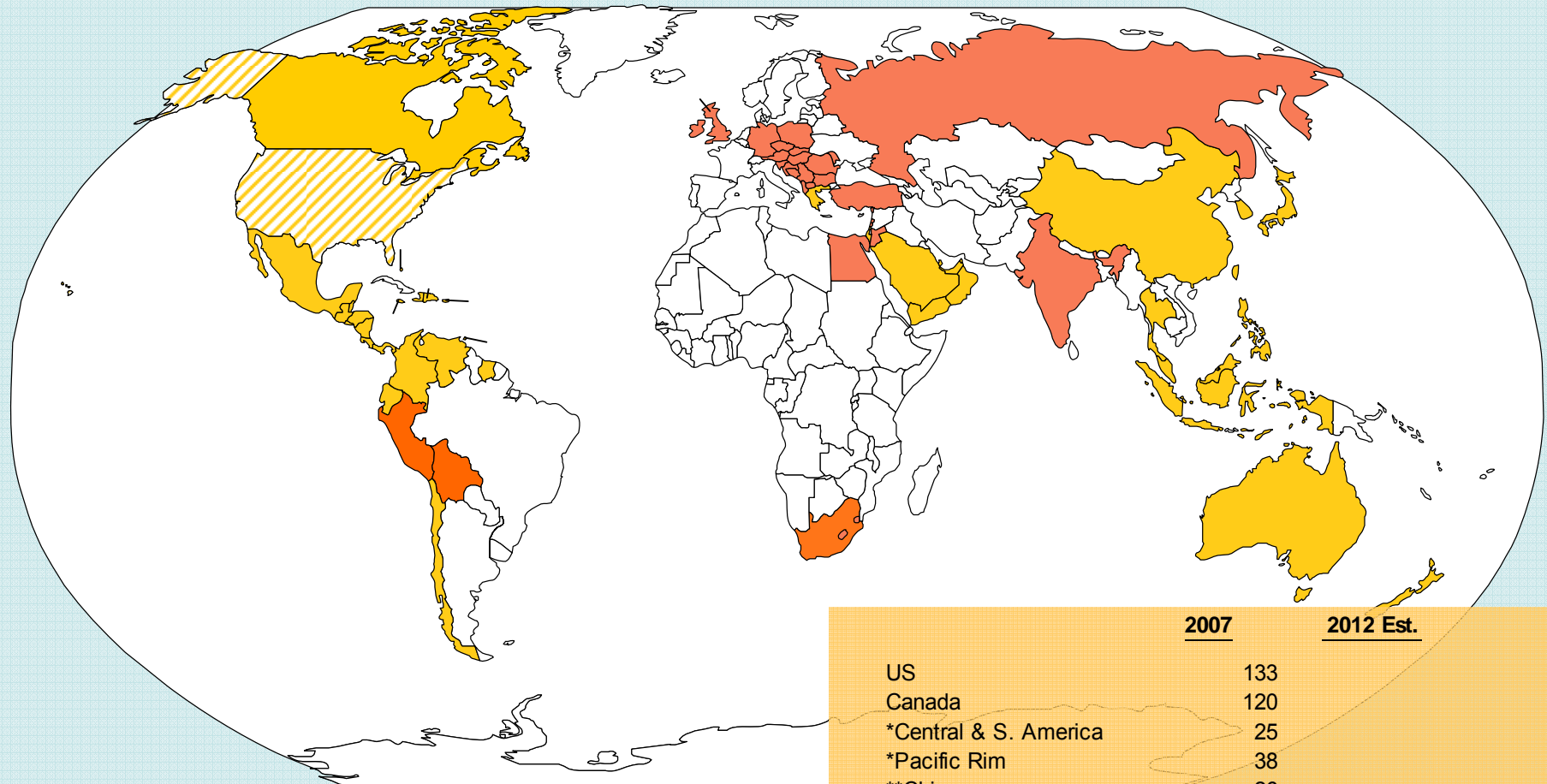
Cash Investment	
(Average for stores opened during last 3 years)	
Fixed Assets	\$ 176
Tenant Allowances	(98)
Inventory	218
Accounts Payable	<u>(60)</u>
Net Cash Investment	<u>\$ 236</u>

Return on Investment	
EBITDA	\$ 118
Cash Investment	\$ 236
Return on Investment	50%

NOTE: Please see page 16 for language regarding non-GAAP financial data

naturalizer - Global Expansion

Current and future international store base



Current Domestic Markets

Current International Markets

2008-2012 International Markets

	<u>2007</u>	<u>2012 Est.</u>
US	133	
Canada	120	
*Central & S. America	25	
*Pacific Rim	38	
**China	26	
Total	<u>342</u>	<u>700 - 750</u>

*All Central and South American and Pacific Rim stores are franchised

**21 of the 26 China stores are franchised by the B&H Footwear joint venture to an affiliate of Hongguo International as part of JV agreement