

**Brown Shoe Company, Inc.  
Corporate Governance Guidelines**

**1. Role of Board and Management**

Brown Shoe Company's business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer and the oversight of the Board of Directors, to enhance the long-term value of the company for its shareholders. The Board is elected by the shareholders to oversee management and to assure that the long-term interests of the shareholders are being served. Both the Board and management recognize that the long-term interests of shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties including employees, recruits, customers, suppliers, Brown Shoe Company communities, government officials and the public at large.

**2. Board Size**

The Board believes that a range of 9 to 13 members is an appropriate size based on the Company's present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors is preferable. Pursuant to the Company's Certificate of Incorporation, the Board is divided into three classes as equal in size as possible. One class of Directors is elected each year by the shareholders at the Company's annual meeting of shareholders. The Board proposes a slate of nominees to the shareholders for election to the Board. Shareholders may propose nominees for consideration by the Governance and Nominating Committee by submitting the names and supporting information to the Company's Corporate Secretary, Brown Shoe Company, Inc., 8300 Maryland Avenue, St. Louis, Missouri 63105. Between annual shareholders' meetings, the Board may elect directors to serve until the next annual meeting.

**3. Director Qualification Standards**

The Governance and Nominating Committee works with the entire Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interest of shareholders. In evaluating the suitability of individual Board members, the Board should take into account, among other things, the person's personal and professional attributes, ability to provide necessary stewardship over business strategies and programs adopted to insure the coordination of interests among employees, management and shareholders, ability to respect and maintain adherence to the Code of Business Conduct, and ability to balance short term goals and long term goals of the Company and its shareholders. No director shall serve as director, officer or employee of a competitor of the Company. The Board evaluates each individual in the context of the Board as a whole.

The Board of Directors reserves the right to determine, from time to time, how to configure the leadership of the Board and the Company in the way that best serves the Company. The Board of

Directors specifically reserves the right to vest the responsibilities of Chairman of the Board and Chief Executive Officers in the same individual. The Board has no fixed policy with respect to combining or separating the offices of Chairman of the Board and Chief Executive Officer.

The Board does not believe that its members should be prohibited from serving on boards and/or committees of other organizations, and the Board has not adopted any guidelines limiting such activities. However, the Governance and Nominating Committee and the full Board will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations to Company shareholders. Service on boards and/or committees of other organizations should be consistent with the Company's Code of Business Conduct.

Directors are expected to report changes in their business or professional affiliations or responsibilities, including retirement or any new directorships with public companies, to the Chairman of the Board and the Chairman of the Governance and Nominating Committee. A director should offer to resign if the Governance and Nominating Committee concludes that the director no longer meets the Company's requirements for service on the Board of Directors. The Chief Executive Officer and any other officer of the Company who is a director shall resign from the Board of Directors when such individual ceases to be the Chief Executive Officer or other officer of the Company.

Any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall tender his or her resignation for consideration by the Governance and Nominating Committee. The Committee shall recommend to the Board of Directors the action to be taken with respect to the resignation. The Board of Directors will publicly disclose its decision within 90 days of the certification of the election results.

The Board of Directors will not choose as a director to fill a temporary vacancy any person over 72, and generally will not recommend to the shareholders any person for election as a director for a term extending beyond the annual shareholders' meeting following the end of the calendar year during which the director turns 72. However, the Board of Directors may recommend to the shareholders a person for election as a director for a term extending beyond such annual shareholders' meeting if the Board of Directors determines that it is in the best interests of shareholders to retain the services of a director beyond his or her retirement age who is then serving as the chair of a committee of the Board.

#### **4. Director Responsibilities**

Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company in a manner consistent with their fiduciary duties. Directors should regularly attend meetings of the Board of Directors and of all Board committees upon which they serve. To prepare for meetings, directors should review the materials that are sent to directors in advance of those meetings. Directors shall preserve the confidentiality of confidential material given or presented to the Board of Directors. Directors are expected to attend the annual shareholders' meeting.

The Board believes that directors should be shareholders and have a financial stake in the Company, and the Board shall adopt stock ownership guidelines for outside directors.

## **5. Independence of Directors**

A majority of the members of the Board of Directors must qualify as independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated thereunder, and the applicable rules of the New York Stock Exchange.

It is the Board's goal that at least two-thirds of the directors will be independent under the New York Stock Exchange guidelines. The Board believes that directors who do not meet the New York Stock Exchange independence standards may also make valuable contributions to the Board and to the Company by reason of their experience and wisdom.

In order to be considered independent under the rules of the New York Stock Exchange, the Board must determine that a director does not have any direct or indirect material relationship with the Company or its subsidiaries. The Board has established the following guidelines to assist it in determining director independence under the New York Stock Exchange rules. Any director who meets the following standards will be deemed independent by the Board:

- (i) the director was not employed by the Company, and no immediate family member of the director was employed by Brown as an executive officer, within the preceding three years;
- (ii) neither the director nor any member of the director's immediate family received, in any twelve-month period during the preceding three years, direct compensation in excess of \$120,000 from the Company other than regular director compensation, pension and other deferred payments that are not in any way contingent on continued service to the Company, compensation received for services as an interim executive officer, and compensation received by an immediate family member for service as a non-executive officer of the Company;
- (iii) the director is not a current employee or partner of the firm serving as the Company's independent auditor; no immediate family member of the director is a current partner of such independent auditor or a current employee of such independent auditor and also personally works on the Company's audit; and within the preceding three years, neither the director nor any immediate family member of the director has been either a partner or employee of such independent auditor and also personally worked on the Company's audit;
- (iv) the director was not employed by, and no immediate family member of the director was employed as an executive officer by, any company at the same time any of the Company's current executive officers served as a member of such company's compensation committee within the preceding three years;
- (v) if the director is a current executive officer or director of another organization which is indebted to the Company, or to which the Company is indebted, the total amount of either

entity's indebtedness to the other is less than 2% of the total consolidated assets of the other organization for which the director serves as an executive officer or director;

- (vi) if the director is a current executive officer or employee, or if any immediate family member of the director is a current executive officer of, another organization that has made payments to the Company, or received payments from the Company, for property or for services, and the amount of such payments in each of such other organization's last three fiscal years were less than the greater of \$1 million or 2% of such organization's consolidated gross revenues for the applicable fiscal year;
- (vii) if the director is a current executive officer, director or trustee of a charitable organization to which the Company makes contributions: (i) the Company's discretionary contributions to such organization made during such organization's current or last completed fiscal year are less than the greater of 2% percent of such organization's total annual charitable receipts or \$500,000; (ii) the Company's contributions are normal matching charitable gifts and similar programs available to all employees and independent directors; or (iii) the charitable donation goes through the normal corporate charitable donation approval processes, and is not made "on behalf of" the director;
- (viii) the director's ownership of the Company's stock, direct or indirect, is less than 10% of the Company's total outstanding shares; or
- (ix) any other relationship between the director and the Company not covered by the standards set forth above is an arrangement that is usually and customarily offered to customers of the Company.

If any relationship exists between the Company and any director that is not addressed by the standards set forth above, the directors meeting these standards shall determine whether such relationship impairs the independence of such director.

## **6. Executive Sessions of Non-Management Directors**

The Board of Directors of the Company will schedule regular executive sessions where non-management directors (i.e., directors who are not company officers but who do not otherwise have to qualify as "independent" directors) meet without management participation. The Lead Director will serve as the presiding director at such executive sessions; if the Lead Director is not present, then another member of the Executive Committee shall serve as the presiding director. If any one or more of the non-management directors is not independent, the independent, non-management directors shall hold at least one executive session in which only such independent, non-management directors participate.

## **7. Committees**

The Board of Directors shall at all times maintain an Executive Committee, an Audit Committee, a Governance and Nominating Committee and a Compensation Committee which must operate in accordance with applicable law, their respective charters as adopted and amended from time to time, and the applicable rules of the Securities and Exchange Commission and the New York

Stock Exchange. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company's Bylaws as the Board sees fit. The Board encourages each of the directors to attend each of the meetings of the Audit, Compensation and Governance and Nominating Committees.

The Board does not believe in mandating fixed rotation of Board committee members and/or chairpersons since at any time there may be reasons for maintaining continuity. The Board believes that ideally there should be some rotation over time on a staggered basis to foster diverse views while at the same time ensuring continuity. No member of the Audit Committee may serve on the audit committees of more than 3 public companies (including the Company's Audit Committee).

## **8. Agendas for Meetings**

The Chairman of the Board shall set the agenda of meetings of the Board of Directors and the Chairperson of each committee shall set the agenda of meetings of the applicable committee. Any director may suggest agenda items and may raise at meetings other matters that they consider worthy of discussion.

## **9. Director Access to Management and Independent Advisors**

The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice to the Company and reasonable efforts to avoid disruption to the Company's management, business and operations. The Board of Directors and Board committees have the right at any time to consult and retain independent legal and other advisors at the expense of the Company.

## **10. Director Compensation**

The Board, upon the advice of the Governance and Nominating Committee, will determine and review the form and amount of director compensation, including cash, equity-based awards and other director compensation. In connection with such director compensation, the Board of Directors will be aware that questions may be raised when directors' fees and benefits exceed what is customary. Similarly, the Board of Directors will be aware that the independence of directors could be questioned if substantial charitable contributions are made to organizations in which a director is affiliated or if the Company enters into consulting contracts with, or provides other indirect compensation to, a director. The Board of Directors will critically evaluate each of these matters when determining the form and amount of director compensation, and the independence of a director.

## **11. Director Orientation and Continuing Education**

The Chief Financial Officer and General Counsel, subject to the oversight of the Governance and Nominating Committee, shall be responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Each new director shall, within one year of election to the board,

spend a day at corporate facilities for personal briefing by senior management on the company's strategic plans, its financial statements, and its key policies and practices.

## **12. Management Evaluation and Succession**

The Governance and Nominating Committee will conduct an annual review of the performance of the Chief Executive Officer and the Compensation Committee will annually review the compensation of the Chief Executive Officer.

The Chief Executive Officer is to provide an annual report on succession planning and related development recommendations to the Governance and Nominating Committee, including a short-term succession plan delineating temporary delegation of authority in the event that the Chief Executive Officer or any other executive officer is unexpectedly unable to perform his or her duties.

## **13. Annual Performance Evaluation of the Board**

The Board of Directors will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The full Board of Directors will discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance. The Board of Directors, with the assistance of the Governance and Nominating Committee, as appropriate, shall review these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.

## **14. Amendment, Modification and Waiver**

These Guidelines may be amended, modified or waived by the Board of Directors and waivers of these Guidelines may also be granted by the Governance and Nominating Committee, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange.