

## INTERCO/FURNITURE BRANDS INTERNATIONAL SECURITIES

The following is an explanation of the current status of various debt and equity instruments issued by the Company.

**Company Name.** International Shoe Company was incorporated in Delaware on March 16, 1921. On March 1, 1966 International Shoe Company changed its corporate name to INTERCO INCORPORATED. On March 1, 1996, INTERCO INCORPORATED changed its corporate name to Furniture Brands International, Inc. This most recent name change was a change in name only, and did not affect the validity of any company securities issued under the INTERCO name. Those securities, to the extent they have not otherwise been cancelled, are trading today under the Furniture Brands name.

**Chapter 11 Reorganization.** On January 24, 1991, the Company filed a Chapter 11 proceeding in the United States Bankruptcy Court for the Eastern District of Missouri (Case No. 91-40442-172). A Plan of Reorganization was approved, and the Company emerged from Chapter 11 on August 3, 1992. References below to securities which were "cancelled in the Plan of Reorganization" refer to the Plan which became effective August 3, 1992.

### Common Stock

**Old Common Stock.** All INTERCO common stock (or stock bearing the name International Shoe Company) which was issued prior to August 3, 1992 (Cusip No. 458506-100) was cancelled in the Plan of Reorganization and has no value today.

**New Common Stock.** All INTERCO common stock (Cusip No. 458507-100) and Furniture Brands common stock (Cusip No. 360921-100) which was issued on or after August 3, 1992 is currently valid and is trading on the New York Stock Exchange under trading symbol FBN. This is the only security the company has outstanding which has value today.

### Preferred Stock

All INTERCO preferred stock, including the Series D (Cusip No. 458506-409) and Series E (Cusip No. 458506-508) preferred stock and any Depositary Receipts with respect to any series of preferred stock (Cusip No. 458506-607), were cancelled in the Plan of Reorganization and have no value today. There is currently no preferred stock outstanding.

### Warrants to Purchase Common Stock

**Old Warrants.** All warrants (Cusip No. 458506-110) issued prior to August 3, 1992 to purchase shares of INTERCO common stock were cancelled in the Plan of Reorganization and have no value today.

**New Series 1 Warrants.** The Series 1 Warrants (trading symbol FBN-IW, Cusip Nos. 458507-118 and 360921-118) have no value today. The Series 1 Warrants were issued on August 3, 1992 pursuant to the Company's Plan of Reorganization to holders of the Old Senior Subordinated Debentures (see below). Each Series 1 Warrant (Cusips 458507-118 (INTERCO) or 360921-118 (Furniture Brands); Trading Symbol: FBN-IW) gave the holder the right to purchase one share of Furniture Brands common stock for \$12.00 per share. At the time of the spin off of the Company's Florsheim and Converse footwear operations in November 1994, that price was adjusted to \$7.13 per share in accordance with the Warrant Agreement. In accordance with a redemption notice issued by the Company on July 7, 1997, the time to exercise Series 1 Warrants expired on **August 15, 1997**. After that date, and until August 3, 1999, the holder had the right to receive the \$0.006 per Warrant redemption price upon presentation of the Warrant Certificate to the Warrant Agent. On August 3, 1999 the Series 1 Warrants, and the right to receive the redemption price, expired.

**New Series 2 Warrants.** The Series 2 Warrants (trading symbol FBN-IZ, Cusip Nos. 458507-126 and 360921-126) have no value today. The Series 2 Warrants were issued on August 3, 1992 pursuant to the Company's Plan of Reorganization to holders of the Old Subordinated Discount Debentures and Old Junior Pay-in-Kind Debentures (see below). Like the Series 1 Warrants, each Series 2 Warrant (Cusips 458507-126 (INTERCO) or 360921-126 (Furniture Brands); Trading Symbol: FBN-IZ) gave the holder the right to purchase one share of Furniture Brands common stock for \$7.13 per share. However, in accordance with a redemption notice issued by the Company on May 23, 1996, the time to exercise Series 2 Warrants expired on **June 28, 1996**. After that date, and until August 3, 1999, the holder had the right to receive the \$0.006 per Warrant redemption price upon presentation of the Warrant Certificate to the Warrant Agent. On August 3, 1999 the Series 2 Warrants, and the right to receive the redemption price, expired.

## Interco/Furniture Brands Securities

March 17, 2005

Page Two

### Old Debentures

In late 1988 and early 1989, the Company issued three series of debentures to its stockholders: **13.75% Senior Subordinated Debentures (Cusip No. 458506-AD4), Subordinated Discount Debentures (Cusip No. 458506-AE2), and 14.5% Junior Pay-in-Kind Debentures (Cusip No. 458506-AF9)**. Pursuant to the terms of the Plan of Reorganization, the holders of these debentures were given the right to exchange them for varying combinations of cash, new common stock and Series 1 and Series 2 Warrants. To the extent that any holders of these debentures did not exchange their debentures for the cash and new securities at the time of the reorganization, the cash and securities were placed in a 5-year trust held at Mark Twain Bank in St. Louis under the name "INTERCO Miscellaneous Assets Trust." Debenture holders had until **August 3, 1997** to exchange their debentures for cash and new securities held by the Trust. To the extent that any assets remained in the INTERCO Miscellaneous Assets Trust after August 3, 1997, those assets reverted to the Company and all claims of debenture holders are now barred. These debentures currently have no value.

### Stock received from Old Debentures

As discussed immediately above, holders of Old Debentures were able to exchange their debentures for cash, new common stock and warrants. As a tax-free exchange, each holder's tax basis in the debentures was transferred from the debentures to the new common stock, reduced by the value of the cash and warrants. A "Debenture Package" is available from the company which provides greater detail on federal income tax consequences for the special dividend in 1988, the tax basis in the debentures, and the exchange of debentures for new securities in 1992. You may request that Package at the address and telephone number below.

### Reorganization Notes

All Series A Notes (Cusip No. 458507-AB6), Series B Notes (Cusip No. 458507-AC4) and Series C Notes (Cusip No. 458507-AA8) issued in August 1992 pursuant to the Plan of Reorganization were redeemed effective November 17, 1994. To redeem outstanding Series C Notes, contact State Street Bank & Trust Company, Corporate Trust Department, P.O. Box 778, Boston, MA 02102 and reference the "Interco 8½% Series C Notes dated August 3, 1992 (CTNB Database)".

### Florsheim and Converse Common Stock

On November 17, 1994 the Company distributed the common stock of its Florsheim Shoe Company subsidiary and its Converse Inc. subsidiary to its stockholders. Each of Florsheim and Converse is now a separate company, and the Company has retained no equity or debt interest in either. All **Florsheim** related inquires should be directed to Florsheim, Inc., 333 W Estabrook Blvd, Glendale, WI 53212. **Converse** was acquired by NIKE, Inc. on September 4, 2003. Inquires with respect to Converse or NIKE should be directed to NIKE at One Bowerman Drive, Beaverton, OR 97005.

**Spin Tax Bases.** While the Company urges all stockholders to seek their own tax advice in this regard, the Company has provided the following percentages to be applied to the pre-spin basis: Furniture Brands - 59.1683%; Converse - 30.0286%; Florsheim - 10.8031%