



**DSW Inc.**



**DSW NYSE**

**Retail - Apparel / Accessories**

Market Capitalization USD:

**\$1,815.60 mm**

**CONCERN LEVEL: LOW**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Michael R. MacDonald**

**Age: 60**

**CEO Since: 2009**

|  | 2009               | 2010               | 2011               |
|--|--------------------|--------------------|--------------------|
| <b>Base Salary</b>   | \$730,769          | \$992,308          | \$1,000,000        |
| <b>Discretionary Bonus</b>   | \$250,000          | \$250,000          | \$0                |
| <b>Annual Cash Incentive</b>                                       | \$1,900,000        | \$2,000,000        | \$2,000,000        |
| <b>Benefits and Perquisites</b>                                    | \$19,730           | \$10,760           | \$10,733           |
| <b>TOTAL ANNUAL COMPENSATION</b>                                   | <b>\$2,900,499</b> | <b>\$3,253,068</b> | <b>\$3,010,733</b> |
| <b>Increase in Post-Retirement Benefits</b>                        | \$0                | \$0                | \$0                |
| <b>Stock Option Awards</b>   | \$576,723          | \$1,453,118        | \$1,532,585        |
| <b>Stock Awards</b>  | \$489,150          | \$455,031          | \$494,736          |
| <b>TOTAL COMPENSATION</b>  | <b>\$3,966,372</b> | <b>\$5,161,217</b> | <b>\$5,038,054</b> |
| <b>Median of Other Named Executive Officers Total Compensation</b> | \$2,058,808        | \$2,188,272        | \$2,347,617        |
| <b>Value Realized on Exercise of Stock Option</b>                  | \$0                | \$0                | \$0                |
| <b>Value Realized on Vesting of Stock</b>                          | \$0                | \$0                | \$0                |
| <b>TOTAL REALIZED EQUITY COMPENSATION</b>                          | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         |

**Proxy Date:** 26 Apr 2012

**Annual Meeting Date:** 14 Jun 2012

**Equity Reserves:** 15.08%

**Stock Option Run Rate:** 1.39%

# DSW Inc.

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## Performance Comparison

■ S&P500 ■ Industry ■ DSW



## Peer Comparisons (TRBC) =Retail - Apparel / Accessories

### Total Summary CEO Compensation

| Ticker     | Company Name                    | 2009               | 2010               | 2011               | Market Cap             |
|------------|---------------------------------|--------------------|--------------------|--------------------|------------------------|
| <b>DSW</b> | <b>DSW Inc.</b>                 | <b>\$3,966,372</b> | <b>\$5,161,217</b> | <b>\$5,038,054</b> | <b>\$1,815,601,427</b> |
| ANF        | Abercrombie & Fitch Co.         | \$36,335,644       | \$23,244,908       | \$48,069,473       | \$4,203,150,644        |
| URBN       | Urban Outfitters, Inc.          | \$3,169,739        | \$29,944,180       | \$950,414          | \$3,433,925,326        |
| FL         | Foot Locker, Inc.               | \$2,848,230        | \$8,060,791        | \$14,059,147       | \$3,072,918,746        |
| SIG        | Signet Jewelers Limited         | \$2,205,000        | \$5,293,326        | \$7,657,530        | \$2,934,981,696        |
| GES        | Guess?, Inc.                    | \$15,220,426       | \$9,799,620        |                    | \$2,643,234,849        |
| AEO        | American Eagle Outfitters, Inc. | \$17,946,755       | \$9,214,977        | \$14,404,763       | \$2,284,241,970        |

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

Survey peer group; Abercrombie & Fitch, Aeropostale, American Eagle Outfitters, Ann Taylor Stores, Big Lots, Bon-Ton Stores, Chico's FAS, Charming Shoppes, Children's Place, Coach, Collective Brands, Express, Foot Locker, J.C. Penney, J. Crew Group, Kohl's, Limited Brands, Limited Stores, Macy's, Michaels Stores, New York & Company, Nordstrom, Stage Stores, Talbots, Target, TJX Companies, Tween Brands, Ulta  
 Proxy peer group; Abercrombie & Fitch, Aeropostale, American Eagle Outfitters, Ann Inc., Big Lots, Bon-Ton Stores, Brown Shoe Company, Charming Shoppes, Coach, Collective Brands, Dick's Sporting Goods, Finish Line, J. Crew Group, Limited Brands, New York & Company, Pacific Sunwear, Skechers USA, Stein Mart, Timberland

### Performance Peer Group

NA

## COMPENSATION COMMITTEE MEMBERS

| Director            | Membership | Age | Gender | Tenure | Independence |
|---------------------|------------|-----|--------|--------|--------------|
| Philip B. Miller    | Chairman   | 73  | Male   | 7      | Outside      |
| Carolee Friedlander | Member     | 70  | Female | 7      | Outside      |
| Elaine J. Eisenman  | Member     | 62  | Female | 4      | Outside      |
| Henry L. Aaron      | Member     | 78  | Male   | 1      | Outside      |
|                     |            |     |        |        |              |