

DSW INC.
AUDIT COMMITTEE PRE-APPROVAL POLICY

This Policy identifies the Audit Committee's procedures and conditions for pre-approving audit, audit-related and non-audit services performed by a public accounting firm that acts as the independent auditor (the "Auditor") responsible for auditing the consolidated financial statements of DSW Inc., an Ohio corporation (the "Company") and its subsidiary.

I. STATEMENT OF PRINCIPLES

The purpose of this Policy is to set forth the procedures by which the Audit Committee intends to fulfill its responsibilities of ensuring the independence of the Auditor.

The Audit Committee will engage the Auditor for the audit of the Company's consolidated financial statements. ***Prior to the engagement of the Auditor for any audit, audit-related or non-audit service, the engagement must be specifically approved by the Audit Committee.*** The Audit Committee intends, as part of its approval procedures, to include cost and/or time limitations for each audit, audit-related or non-audit service to be provided by the Auditor. Any proposed services exceeding the pre-approved cost or time limits established for such services will require specific approval by the Audit Committee.

The Audit Committee will not grant broad, categorical approvals for services to be provided; rather, to ensure that the Audit Committee knows precisely what services it is pre-approving, such services must be described in sufficient detail when presented to the Audit Committee for pre-approval.

Additionally, the Audit Committee may amend this Policy from time to time in accordance with the Audit Committee's charter or the Company's Code of Regulations.

II. DELEGATION OF AUTHORITY

The Audit Committee hereby delegates pre-approval authority to the Chair of the Audit Committee or, if the Chair is not available, to any one of its independent members. Pre-approval by the Chair or any such member within the parameters of this Policy shall constitute approval of the Audit Committee hereunder. The Chair or member to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

The Audit Committee will not delegate to management its responsibilities for pre-approving audit and non-audit services performed by the Auditor.

III. AUDIT SERVICES

The annual audit, review or attestation engagement terms and fees are subject to the specific pre-approval of the Audit Committee. The Audit Committee's approval is required for any necessary changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other matters.

IV. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements or related

attestation engagements and that are traditionally performed by the Auditor in connection therewith. The Audit Committee must ascertain that the provision of the audit-related services does not impair the independence of the Auditor.

V. TAX SERVICES

The Audit Committee believes that the Auditor can provide tax services to the Company such as tax compliance and certain tax advice without impairing the Auditor's independence. The Audit Committee will not permit the retention of the Auditor in connection with a transaction initially recommended by the Auditor, the purpose of which may be tax deferral or reduction.

VI. ALL OTHER SERVICES

The Audit Committee may pre-approve those permissible non-audit services classified as "All Other Services" that it believes would not impair the independence of the Auditor.

A list of the non-audit services prohibited by the Securities and Exchange Commission or the Public Company Accounting Oversight Board is attached to this Policy as Exhibit 1. Such exhibit may be amended from time to time to add any other service prohibited by applicable law, regulation, rule or accounting or auditing standard.

VII. PROCEDURES

Requests or applications to provide services that require specific approval of the Audit Committee will be submitted to the Audit Committee by both the Auditor and the Chief Financial Officer or other designated representative of the Company. With respect to each proposed pre-approved service, the Auditor will provide the Audit Committee with detailed backup documentation regarding the specific services to be provided.

The Audit Committee (or its designated representative as authorized pursuant to Section II of this Policy) will review the fees and scope of such services so as to avoid any question as to the compatibility of such services with the Auditor's independence. The Audit Committee (or its designated representative as authorized pursuant to Section II of this Policy) will approve or disapprove the request or may request additional information from the Auditor and management prior to rendering its decision. In deliberating a request, the Audit Committee (or its designated representative) may meet in person, by telephone conference call or by any other means permitted by the Audit Committee's charter or the Company's Regulations. Without a meeting, the Audit Committee may act by unanimous written consent of all committee members or by any other means permitted by the Audit Committee's charter or the Company's Code of Regulations.

Exhibit 1

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit
- Tax planning