

DSW Canada

On April 15, 2014, DSW Inc. and Town Shoes Limited announced the signing of a definitive agreement whereby DSW Inc. would purchase an interest in Town Shoes, the largest footwear and accessories retailer in Canada. The transaction was approved by each company's Board of Directors and closed in May 2014 with DSW acquiring 49% in the company with the option to acquire the remaining 51% in 3-4 years.

Town Shoes was founded in 1962 and is the market leader in branded footwear in Canada, with sales of CAD \$291 million in its fiscal year ending January, 2014. Town operates 182 locations across Canada primarily under The Shoe Company, Shoe Warehouse and Town Shoes banners.

The Shoe Company and Shoe Warehouse store formats are similar to DSW with a high brand overlap but a smaller footprint. DSW plans to use Town as an operating base to open DSW stores in Canada, similar to an owned franchise relationship. The first Canadian DSW stores are expected to open within the next 12 months.

Mr. Mike MacDonald, President and CEO, DSW Inc. described this partnership as an opportunity to share best practices in sourcing, operations, inventory management, and Omni-channel integration. It is important to note that while, for the foreseeable future, purchase orders for DSW openings will be written by Town, DSW expects that its vendor partners will extend similar terms of purchase (costs, terms and conditions) to Town as are currently available to DSW.

If there are any questions please contact Bill Jordan at billjordan@dswinc.com or Harris Mustafa at harrismustafa@dswinc.com.