



September 25, 2006

Attention:

Dear,

We have recently undertaken a comprehensive assessment of our supply chain with a view to identify areas of improvement that will enable us to meet and exceed our customers' expectations profitably.

We believe that we have an opportunity to improve sales, margin and customer satisfaction by improving on-time deliveries to our stores and reducing the lead-time between order placement and receipt of product. To accomplish this we are implementing the following changes to our purchasing policies:

- 1) **ALL VENDORS MUST BE EDI CAPABLE WITH THE ABILITY TO PROVIDE UPC AND ASN DATA. This change is effective January 1, 2007.**

All shipments to DSW after January 1, 2007 must have ASNs. Orders without ASNs will be treated as "exception orders" and the cost of processing exception orders will be charged back to the vendor unless prior approval has been obtained from the buyer.

We are not requiring the use of a particular EDI system or third party provider. However, should you need assistance our Supply Chain group will be glad to assist.

- 2) **EFFECTIVE IMMEDIATELY WE ARE IMPLEMENTING A 7 BUSINESS DAY SHIPPING WINDOW.**

If an order is not shipped within the specified window DSW will either refuse the order with no financial liability or accept the order subject to a late charge. For extenuating circumstances, extension must be obtained from the buyer.

As we continue to identify other areas of improvement we will work with you to take advantage of implementing solutions that will be mutually beneficial to our companies.

Should you have questions about these initiatives please do not hesitate to call Harris Mustafa, EVP, Supply Chain at (614)872-1180 or Jeff Girard, VP, Distribution and Transportation at (614)872-1500.

Thank you for your continued support and I look forward to having you as an important partner in our growth!

Debbie Ferree
Vice Chairman & Chief Merchandising Officer