

RETAIL VENTURES INC

Form DEFR14A

May 01, 2008

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**UNITED STATES  
Securities and Exchange Commission  
Washington, D.C. 20549  
SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. 1)**

- Filed by the Registrant   
Filed by a Party other than the Registrant   
Check the appropriate box:  
 Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**Retail Ventures, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of  
each class  
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applies:

(2) Aggregate  
number of  
securities to  
which  
transaction  
applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing  
Party:

(4) Date Filed:

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**RETAIL VENTURES, INC.  
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD  
JUNE 3, 2008  
AND  
PROXY STATEMENT  
IMPORTANT**

**Please complete, sign and date your proxy and promptly return it in the enclosed envelope. No postage is necessary if mailed in the United States.**

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RETAIL VENTURES, INC.  
3241 Westerville Road  
Columbus, Ohio 43224  
(614) 471-4722

May 5, 2008

To the Shareholders of Retail Ventures, Inc.:

Notice is hereby given that the 2008 Annual Meeting of Shareholders of Retail Ventures, Inc. will be held at the corporate offices of DSW Inc., 810 DSW Drive, Columbus, Ohio 43219, on Tuesday, June 3, 2008, at 11:00 a.m. Eastern Daylight Savings Time, for the following purposes, all of which are more completely set forth in the accompanying proxy statement:

1. To elect nine directors, each for a term of one year and until their successors are duly elected and qualified.
2. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on April 10, 2008 are entitled to notice of and to vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ James A. McGrady  
James A. McGrady  
Executive Vice President, Chief Financial  
Officer, Treasurer and Secretary

**YOUR VOTE IS IMPORTANT**

You are urged to complete, date, sign and promptly return the enclosed form of proxy in the enclosed envelope to which no postage need be affixed if mailed in the United States. Voting your shares by the enclosed proxy does not affect your right to vote in person in the event you attend the Annual Meeting. You are cordially invited to attend the Annual Meeting. If you attend, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy.

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RETAIL VENTURES, INC.  
3241 Westerville Road  
Columbus, Ohio 43224  
(614) 471-4722

**PROXY STATEMENT**

The enclosed proxy is being solicited on behalf of the Board of Directors of Retail Ventures, Inc. for use at the Annual Meeting of Shareholders to be held at 11:00 a.m., Eastern Daylight Savings Time, on Tuesday, June 3, 2008, and any postponement or adjournment thereof (the Annual Meeting). Unless the context indicates otherwise all references in this proxy statement to Retail Ventures, RVI, our or the Company refer to Retail Ventures, Inc. The Notice of Annual Meeting of Shareholders, this proxy statement and the accompanying proxy card, together with the Company's 2007 Annual Report to Shareholders which includes the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008 (the 2007 fiscal year), are first being mailed to shareholders on or about May 5, 2008.

Only shareholders of record at the close of business on April 10, 2008, the record date, are entitled to notice of and to vote at the Annual Meeting. The total number of outstanding common shares entitled to vote at the Annual Meeting is 48,653,129. Each common share entitles the holder thereof to one vote upon each matter to be voted upon by shareholders at the Annual Meeting.

Without affecting any vote previously taken, a shareholder may revoke his or her proxy by giving a written notice of revocation to the Company at Retail Ventures, Inc., 3241 Westerville Road, Columbus, Ohio 43224, Attention James A. McGrady, Secretary. A shareholder may also change his or her vote by executing and returning to the Company a later-dated proxy or by giving notice of revocation at the Annual Meeting. Attendance at the Annual Meeting will not by itself revoke a previously granted proxy.

All properly executed proxies received by the Board of Directors will be voted as directed by the shareholder. All properly executed proxies received by the Board of Directors which do not specify how the common shares should be voted will be voted **FOR** the election of the director nominees listed below under the caption Proposal No. 1: Election of Directors.

The presence, in person or by proxy, of a majority of the outstanding common shares is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Broker non-votes occur when brokers who hold their customers' shares in street name sign and submit proxies for such shares and vote such shares on some matters, but not others. This would occur when brokers have not received any instructions from their customers, in which case the brokers, as the holders of record, are permitted to vote on routine matters, which includes the election of directors, but not on non-routine matters.

Solicitation of proxies may be made by mail, personal interview and telephone by officers, directors and regular employees of the Company, and by the employees of the Company's transfer agent, National City Bank. In addition, the Company has retained a firm specializing in proxy solicitations, Georgeson Shareholder Communications, Inc., at a cost of approximately \$1,500, to assist the Company with its proxy solicitation process. The Company will bear the entire cost of the solicitation of proxies, including the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of the Company's common shares.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Security Ownership of Certain Beneficial Owners**

The following table sets forth information as of April 10, 2008 (except as noted below) relating to the beneficial ownership of our common shares by each person known by us to be the beneficial owner of more than 5% of our outstanding common shares. Amount of beneficial ownership for each person is based upon a review of and reliance upon such person's filings with the Securities and Exchange Commission (the "SEC"). Percent of beneficial ownership for each person is based upon the 48,653,129 common shares, net of treasury shares, outstanding as of April 10, 2008, plus the number of common shares such person reported that it has the right to acquire within 60 days.

<b>Title of Class</b> (All of these are common shares)	<b>Name and address of beneficial owner</b>	<b>Amount and nature of beneficial Ownership</b>	<b>Percent of class</b>
	Schottenstein Stores Corporation <sup>(1)</sup> 1800 Moler Road Columbus, Ohio 43207	29,614,268 <sup>(2)</sup>	50.1%
	Wellington Management Company, LLP <sup>(3)</sup> 75 State Street Boston, MA 02109	5,027,000	10.3%
	Black River Asset Management LLC <sup>(4)</sup> 12700 Whitewater Drive Minnetonka, MN 55343	3,416,832	7.0%
	Entrust Capital Inc. <sup>(5)</sup> 717 Fifth Avenue New York, NY 10022	3,405,280	7.0%
	Keeley Asset Management Corp <sup>(6)</sup> 401 South LaSalle Street Chicago, IL 60605	2,781,905	5.7%

(1) Prior to the completion of the Company's initial public offering on June 18, 1991, the Company was operated as the Department Store Division (the "Division") of Schottenstein Stores



Corporation  
( SSC ). On that  
date, SSC  
transferred  
substantially all  
of the net assets  
of the Division  
to the Company  
in exchange for  
common shares  
of the Company.  
SSC is a  
closely-held  
Delaware  
corporation.  
SSC s common  
stock is  
beneficially  
owned by  
certain of the  
Company s  
directors and  
their family  
members, as  
follows, as of  
April 10, 2008:

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<b>Name of beneficial owner</b>	<b>Shares of SSC common stock</b>	<b>Percent of class</b>
Jay L. Schottenstein	299.38139 <sup>(a)</sup>	78.4%
Geraldine Schottenstein	27.41707 <sup>(b)</sup>	7.2%
Ari Deshe	27.41707 <sup>(c)</sup>	7.2%
Jon P. Diamond	27.41707 <sup>(d)</sup>	7.2%
Total	381.63260	100.0%

- (a) Represents sole voting and investment power over 299.38139 shares held in irrevocable trusts for family members as to which Jay L. Schottenstein is trustee and as to which shares Mr. Schottenstein may be deemed to be the beneficial owner.
- (b) Represents sole voting and investment power over 27.41707 shares held by Geraldine Schottenstein, as trustee of an irrevocable trust for family members, as to which shares Geraldine Schottenstein may be deemed to be the beneficial owner.
- (c) Represents sole voting and investment power over 27.41707 shares held by Ari Deshe, as trustee of irrevocable trusts for family members, as to which shares Mr. Deshe may be deemed to be the beneficial owner.
- (d) Represents sole voting and investment power over 27.41707 shares held by Jon P. Diamond and his wife, Susan Schottenstein Diamond, as trustees of irrevocable trusts for family members, as to which shares Mr. Diamond may be deemed to be the beneficial owner.
- (2) SSC has sole power to vote and dispose of 29,614,268 common shares. Jay L. Schottenstein is a director, Chairman of the Board, President and Chief Executive Officer of SSC and has power to vote and dispose of shares of SSC held by various trusts. Total common shares beneficially owned by SSC are comprised of:
- (a) 19,206,766 common shares owned of record and beneficially by SSC; and
- (b) SSC holds: (A) certain conversion warrants which provide SSC the right, from time to time, in whole or in part and subject to certain conditions, to: (i) acquire RVI common shares at \$4.50 per share; (ii) acquire, from RVI, DSW Inc., a controlled subsidiary of the Company ( DSW ), Class A Common Shares, no par value (the DSW Class A Shares ), at \$19.00 per share; or (iii) acquire a combination thereof; and (B) certain term loan warrants which provide SSC the right, from time to time, in whole or in part and subject to certain conditions, to: (i) acquire RVI common shares at \$4.50 per share; (ii) acquire, from RVI, DSW Class A Shares at \$19.00 per share; or (iii) acquire a combination thereof. SSC has the right to acquire up to 8,333,333 RVI common shares upon full exercise of the conversion warrants, and up to 2,074,169 RVI common shares (subject to adjustment) upon full exercise of the term warrants. Based on information in a Schedule 13D/A filed by SSC on November 15, 2007. For more information about the conversion warrants and the term loan warrants, see Certain Relationships and Related Transactions Debt Agreements and Warrants.

The 29,614,268 common shares do not include 67,944 common shares held by the Ann and Ari Deshe Foundation and 67,944 common shares held by the Jon and Susan Diamond Family Foundation, each a private charitable foundation. The foundations trustees and officers consist of at least one of the following persons: Geraldine Schottenstein, Jon P. Diamond and/or Ari Deshe, in conjunction with other Schottenstein family members.

- (3) Based on information set forth in a Schedule 13G filed on January 10, 2008 on behalf of Wellington Management Company, LLP ( Wellington Management ), who reported shared voting power with respect to 3,059,700 of such common shares and shared dispositive power with respect to such common shares. Wellington Management, in its capacity as investment adviser, may be deemed to beneficially own such common shares which are held of record by its clients.

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- (4) Based on information set forth in a Schedule 13G/A filed on February 14, 2008 on behalf of Black River Asset Management LLC ( Black River ) and Black River Global Equity Fund Ltd. ( Global Equity Fund ), each of whom reported sole voting power and sole dispositive power with respect to such common shares. The common shares are held by Global Equity Fund. Pursuant to an investment advisory agreement, Black River has investment and voting power with respect to the securities held by Global Equity Fund.
- (5) Based on information set forth in a Schedule 13G filed on January 29, 2008 on behalf of Entrust Capital Inc. ( Entrust ), Entrust Partners LLC ( Partners ), Entrust Partners Offshore LLC ( Offshore ), Gregg Hymowitz, Mark Fife and Michael Horowitz, each of whom reported shared voting power and shared dispositive power with respect to such common shares. Entrust, Partners and Offshore are registered investment advisers, and Messrs Hymowitz, Fife and Horowitz are control persons of such investment advisers.
- (6) Based on information set forth in a Schedule 13G filed on February 14, 2008 on behalf of Keeley Asset Management Corp., an investment adviser, who reported sole voting power with respect to 2,719,105 of such common shares and sole dispositive power with respect to such common shares.

**Security Ownership of Management**

The following table sets forth, as of April 10, 2008, information with respect to the Company's common shares beneficially owned by each director and director nominee individually, by each of the executive officers named in the Summary Compensation Table set forth on page 33 of this proxy statement and by all directors and executive officers as a group:

<b>Title of Class</b>	<b>Name of beneficial owner</b>	<b>Amount and nature of beneficial ownership <sup>(1)</sup></b>	<b>Percent of class <sup>(2)</sup></b>
(All of these are common shares)	Henry L. Aaron <sup>(7)</sup>	48,500	*
	Julia A. Davis	39,000	*
	Ari Deshe <sup>(3)(5)(7)</sup>	24,972	*
	Jon P. Diamond <sup>(3)(5)</sup>	0	*
	Elizabeth M. Eveillard	50,000	*
	James A. McGrady	271,000	*
	Steven E. Miller	40,600	*
	Jed L. Norden	80,000	*
	Lawrence J. Ring	20,000	*
	Jay L. Schottenstein <sup>(3)(4)(6)</sup>	247,800	*
	Harvey L. Sonnenberg	55,000	*
	James L. Weisman <sup>(7)</sup>	51,100	*
	Heywood Wilansky	330,000	*
All directors and executive officers as a group (13 persons) <sup>(3)(4)(5)(6)(7)</sup>	1,257,972	2.5%	

\* Represents less than 1% of the Company's outstanding

common shares,  
net of treasury  
shares.

- (1) Except as otherwise noted, the persons named in this table have sole power to vote and dispose of the shares listed.

Includes the following number of common shares as to which the named person has the right to acquire beneficial ownership upon the exercise of stock options within 60 days of April 10, 2008: Mr. Aaron,

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41,000; Ms. Davis, 24,000; Ms. Eveillard, 32,500; Mr. McGrady, 251,000; Mr. Miller, 25,600; Mr. Ring, 19,000; Mr. Sonnenberg, 37,500; Mr. Weisman, 37,500; Mr. Wilansky, 250,000; and all directors and executive officers as a group, 718,100. Includes 15,000, 20,000, 80,000, 15,000 and 80,000 common shares for Ms. Davis, Mr. McGrady, Mr. Norden, Mr. Miller and Mr. Wilansky, respectively, as to which the named person has the right to acquire beneficial ownership upon the exercise of stock appreciation rights ( SARs ) within 60 days of April 10, 2008.

- (2) The percent is based upon the 48,653,129 common shares outstanding as of April 10, 2008, net of treasury shares, plus the number of common shares each person has the right to acquire within 60 days of April 10, 2008.
- (3) Does not include: 19,206,766 common shares owned of record and beneficially by SSC, 8,333,333 common shares issuable to SSC upon full exercise of the conversion warrants, and up to 2,074,169 common shares (subject to adjustment) issuable to SSC upon full exercise by SSC of the term loan warrants. Jay L. Schottenstein is the Chairman and Chief Executive Officer of SSC. Jay L. Schottenstein, Ari Deshe and Susan Diamond (spouse of Jon P. Diamond) are members of the Board of Directors of SSC. See Notes 1 and 2 to the preceding table and Certain Relationships and Related Transactions Debt Agreements and Warrants for additional information regarding the Company s relationships with SSC.
- (4) Includes 52,500 common shares owned by Glosser Brothers Acquisition, Inc. ( GBA ). Mr. Schottenstein is Chairman of the Board of Directors, President and a director of GBA and a trustee or co-trustee of family trusts that own 100% of the stock of GBA. Mr. Schottenstein disclaims beneficial ownership of the common shares owned by GBA.
- (5) Does not include 67,944 common shares held by the Ann and Ari Deshe Foundation and 67,944 common shares held by the Jon and Susan Diamond Family Foundation, each a private charitable foundation. The foundations trustees and officers consist of at least one of the following persons: Geraldine Schottenstein, Jon P. Diamond and/or Ari Deshe; in conjunction with other Schottenstein family members.
- (6) Includes 30,000 common shares as to which Jay L. Schottenstein shares voting and investment power as trustee of a trust which owns the common shares.
- (7) Includes 7,500 common shares held jointly by Mr. Aaron and his spouse, 10,000 common shares held by Mr. Deshe for the benefit of his children, 12,500 shares owned jointly by Mr. Weisman and his spouse and 500 common shares held by Mr. Weisman s spouse.

The information with respect to beneficial ownership is based upon information furnished by each director or executive officer and information contained in filings made with the SEC. Certain of the persons listed in the table above, as of April 10, 2008, also have the right to acquire beneficial ownership of Class A Common Shares of DSW upon the exercise of stock options within 60 days of April 10, 2008, as follows: Ms. Davis, 6,000; Mr. McGrady, 8,000; Mr. Miller, 6,000 and Mr. Sonnenberg, 6,342.

**Table of Contents****PROPOSAL NO. 1: ELECTION OF DIRECTORS**

The number of members of the Company's Board of Directors has been fixed at fourteen by action of the Board of Directors pursuant to the Company's Amended and Restated Code of Regulations (the Regulations). Members of the Board of Directors serve until the annual meeting following their election or until their successors are duly elected and qualified. The Nominating and Corporate Governance Committee has nominated nine persons for election as directors of the Company with their terms to expire in 2009. If each of the nominees is elected, five vacancies will exist on the Board of Directors. Proxies cannot be voted for a greater number of persons than the number of nominees named below and in the form of proxy. The Board believes it is in the best interest of the Company to have vacancies on the Board to provide the Board with flexibility in the event that additional qualified director candidates are identified. Set forth below is certain information relating to the director nominees:

<b>Name</b>	<b>Age</b>	<b>Positions with the Company, Principal Occupations and Business Experience</b>	<b>Director Since</b>
Jay L. Schottenstein	53	Chairman of the Company, American Eagle Outfitters, Inc., a retail chain, and SSC since March 1992 and Chief Executive Officer of the Company from April 1991 to July 1997 and from July 1999 to December 2000. Since March 2005, Mr. Schottenstein also serves as Chairman and Chief Executive Officer of DSW. Mr. Schottenstein served as Chief Executive Officer of American Eagle Outfitters, Inc. from 1992 to 2002. Mr. Schottenstein served as Vice Chairman of SSC from 1986 until March 1992 and as a director of SSC since 1982. He served as President of the Furniture Division of SSC from 1985 through June 1993 and in various other executive capacities since 1976. Mr. Schottenstein is also a director of American Eagle Outfitters, Inc. and DSW.	1991
Henry L. Aaron*	74	Mr. Aaron presently serves as Senior Vice President of the Atlanta National League Baseball Club, Inc., a professional sports organization, as Chairman of 755 Restaurant Corp., a quick service restaurant company, and as a director of Medallion Financial Corp., a specialty finance company, along with a number of other private business interests.	2000
Ari Deshe	57	Chairman and Chief Executive Officer of Safe Auto Insurance Company, a property and casualty insurance company since 1996 and President and Chief Executive Officer of Safe Auto Insurance Company from 1993 to 1996. Prior to that, Mr. Deshe served as President of Safe Auto Insurance Agency from 1992 to 1993 and President of Employee Benefit Systems, Inc. from 1982 to 1992.	1997

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<b>Name</b>	<b>Age</b>	<b>Positions with the Company, Principal Occupations and Business Experience</b>	<b>Director Since</b>
Jon P. Diamond	50	Vice Chairman since November 2004, President and Chief Operating Officer since 1996 and Executive Vice President and Chief Operating Officer from 1993 to 1996 of Safe Auto Insurance Company. Mr. Diamond has served SSC in various management positions since 1983, including serving as Vice President of SSC from March 1987 to March 1993. Mr. Diamond is also a director of American Eagle Outfitters, Inc.	1991
Elizabeth M. Eveillard*	61	Ms. Eveillard is an independent consultant since 2003. Ms. Eveillard served as Senior Managing Director and a Consultant, Retailing and Apparel Group, of Bear, Stearns & Co., Inc., an investment banking company, from 2000 until 2003. Prior to that time, Ms. Eveillard served as the Managing Director, Head of Retailing Industry Group, of PaineWebber Inc., a brokerage firm, from 1988 to 2000. From 1972 to 1988, Ms. Eveillard held various executive positions including Managing Director in the Merchandising Group with Lehman Brothers. Ms. Eveillard is also a director of Tween Brands, Inc. and Birks & Mayors, Inc.	2001
Lawrence J. Ring*	59	Chancellor Professor of Business Administration and (2004) EMBA Alumni Distinguished Professor of Executive Education, The Mason School of Business, The College of William and Mary ( W&M ) since 2001. In addition, Mr. Ring has also been an Adjunct Professor of Business Administration, The School of Executive Education, Babson College since 2000. From 1997 to 2002, Mr. Ring served as Faculty Coordinator of Executive Programs at W&M. From 1991 to 2000, he served as Professor of Business Administration at W&M, and from 1994 to 2002, he served as Adjunct Assistant Professor, Department of Family and Community Medicine, Eastern Virginia Medical School. Professor Ring is also a member of the Board of Directors of: C. Lloyd Johnson Company, Inc., Norfolk, Virginia; Mr. Price Group, Ltd., Durban, South Africa; and the Williamsburg Landing Corporation. He also served as a member of the International Advisory Board of Angus and Coote Jewelers, Sydney, Australia from 2000 to 2007.	2005
Harvey L. Sonnenberg*	66	Senior Partner and CPA in the consulting firm Weiser LLP since November 1994. Mr. Sonnenberg is active in a number of professional organizations including the	2001



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American Institute of CPAs and the New York State Society of CPAs and has long been involved in rendering professional services to the retail and apparel industry. Mr. Sonnenberg is also a director of DSW.

James L.  
Weisman\*

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President and member of Weisman Goldman Bowen & Grzywinski, LLP, formerly Weisman Goldman Bowen & Gross, LLP, a Pittsburgh, Pennsylvania law firm since 1998 and its predecessor law firms since 1978. Mr. Weisman has been in the private practice of law in Pittsburgh since 1963. Mr. Weisman has extensive experience in working with retail clients having prior to being elected to the Board of RVI in 2001 provided legal services to among other clients Value City Department Stores, Inc., Schottenstein Stores Corporation and American Eagle Outfitters, Inc. His primary areas of practice have been in business transactions and reorganizations, and overseeing, directing and participating in civil litigation.

2001

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<b>Name</b>	<b>Age</b>	<b>Positions with the Company, Principal Occupations and Business Experience</b>	<b>Director Since</b>
Heywood Wilansky	60	President and Chief Executive Officer of the Company since November 2004. Prior to joining the Company, he served as President and Chief Executive Officer of Filene's Basement, Inc., a retailer and subsidiary of the Company ( Filene's Basement ), from February 2003 to November 2004. Mr. Wilansky was a Professor, Global Retail Management, University of Maryland Business School from August 2002 to February 2003. From August 2000 to January 2003, he was President and Chief Executive Officer of Strategic Management Resources, LLC, a consulting firm. From August 1995 to July 2000, he was President and Chief Executive Officer of Bon Ton Stores. Mr. Wilansky is also a director of Bertucci's Corporation and DSW.	2005

\* Independent Directors under New York Stock Exchange ( NYSE ) listing standards.

Unless otherwise directed, the persons named as proxies in the accompanying proxy card will vote the proxies **FOR** the election of the above-named director nominees, each to serve for a term of one year and until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal. While it is contemplated that all nominees will stand for election, in the event any person nominated fails to stand for election, or is unable to serve or for good cause will not serve as a director, the proxies will be voted for such other person or persons as may be designated by the directors. Management has no reason to believe that any of the above-mentioned persons will not stand for election or serve as a director if elected.

Under Ohio law and the Company's Regulations, the nine nominees receiving the greatest number of votes **FOR** their election will be elected as directors. Common shares as to which the authority to vote is withheld and broker non-votes will not be counted toward the election of directors or toward the election of the individual nominees specified on the proxy.

**Your Board of Directors unanimously recommends a vote FOR each of the director nominees named above.**

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**EXECUTIVE OFFICERS**

The following persons are executive officers of the Company. Our officers are elected annually by our Board and serve at the pleasure of the Board.

Heywood Wilansky, age 60, became our President and Chief Executive Officer in November 2004. Mr. Wilansky has been a director of the Company since June 2005 and a director of DSW since March 2005. Before joining Retail Ventures, Mr. Wilansky served as President and Chief Executive Officer of Filene's Basement, a subsidiary of Retail Ventures, from February 2003 to November 2004. Mr. Wilansky was a professor of marketing at the University of Maryland business school from August 2002 to February 2003. From August 2000 to January 2003, he was President and Chief Executive Officer of Strategic Management Resources, LLC. From August 1995 to July 2000, he was President and Chief Executive Officer of Bon Ton Stores. Prior to that, he was with The May Department Stores Company for more than 19 years, last serving as President and Chief Executive Officer of the Foley's division from 1992 to 1995 and President and Chief Executive Officer of the Filene's division from 1991 to 1992.

James A. McGrady, age 57, became our Executive Vice President, Chief Financial Officer, Treasurer and Secretary in December 2002. He served as our Chief Financial Officer, Treasurer and Secretary from July 2000 until December 2002. Mr. McGrady is also a Vice President of DSW. From 1986 until July 2000, Mr. McGrady served as Vice President and Treasurer of Big Lots, Inc. From 1979 through 1986, Mr. McGrady was in the practice of public accounting with KPMG Main Hurdman.

Julia A. Davis, age 47, became our Executive Vice President and General Counsel in January 2003. She also served as Executive Vice President, General Counsel and Secretary of DSW from July 2005 until April 10, 2006. Prior to joining the Company, Ms. Davis was a partner in the Columbus office of the law firm of Vorys, Sater, Seymour and Pease LLP. Ms. Davis has 19 years of private legal practice primarily representing and advising national and regional retailers in a wide variety of employment matters.

Jed L. Norden, age 57, became our Executive Vice President and Chief Administrative Officer as of February 1, 2006. Prior to accepting this position with the Company, Mr. Norden served as Executive Vice President of Human Resources for Retail Ventures Services, Inc., a subsidiary of Retail Ventures, Inc. From 2002 to 2003, Mr. Norden served as Vice President of Human Resources for Ultimate Electronics. Prior to serving in that position, Mr. Norden served as Corporate Senior Vice President of Human Resources for Payless ShoeSource, Inc. from 1985 to 2002. Mr. Norden has also held various management positions at May Department Stores Company and Ingersoll-Rand Corporation. Mr. Norden's employment with the Company was terminated without cause effective May 2, 2008 pursuant to corporate restructuring and elimination of his position.

Steven E. Miller, age 49, became our Senior Vice President Controller in May 2003 after joining the Company in September 2000 as its Vice President Controller. Since July 2005, he has served as Senior Vice President and Controller of DSW. Prior to joining the Company, Mr. Miller served as Chief Financial Officer of Spitzer Management, Inc. beginning in 1998. From 1993 through 1998, Mr. Miller held various positions with Big Lots, Inc. including Director, Assistant Treasurer and Assistant Controller.

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**OTHER DIRECTOR INFORMATION, COMMITTEES OF DIRECTORS AND CORPORATE GOVERNANCE INFORMATION**

**General**

A total of fourteen meetings of the Board of Directors of the Company was held during the 2007 fiscal year and the Board took action by unanimous written consent 2 times during fiscal 2007. Other than Mr. Aaron, all directors attended more than 75 percent of the aggregate of (i) the total number of meetings held by the Board of Directors and (ii) the total number of meetings held by all committees of the Board of Directors on which that director served during the period each served as a director or as a committee member.

There are no family relationships among our directors and executive officers except that Messrs. Deshe and Diamond are each married to a sister of Mr. Schottenstein.

The Company's Corporate Governance Principles provide that all incumbent directors and director nominees are encouraged to attend the annual meeting of shareholders. Messrs. Schottenstein, Deshe, Diamond, Sonnenberg, Weisman and Wilansky attended the annual meeting of shareholders in 2007.

**Corporate Governance Principles**

In March 2004, the Board of Directors adopted Corporate Governance Principles that address Board structure, membership (including nominee qualifications), performance, operations and management oversight. A copy of the Corporate Governance Principles can be found at the Company's corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com) and is available in print (without charge) to any shareholder upon request.

In accordance with the Company's Corporate Governance Guidelines and applicable NYSE listing standards, the Company's non-management directors meet in regularly scheduled executive sessions (without management present). The non-management directors of the Company alternate as the chair of such executive sessions as deemed appropriate by such directors. In addition, the Company's independent directors meet in executive session as appropriate matters for their consideration arise but, in any event, at least once a year.

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**Director Independence**

Our director independence standards are set forth in our Corporate Governance Principles, a copy of which can be found at our corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com). The Corporate Governance Principles provide that it is a policy of the Board of Directors that a majority of the directors should be persons who have been affirmatively determined by the Board to be independent. A director will be designated as independent if he or she (i) has no material relationship with us or our subsidiaries; (ii) satisfies the other independence criteria specified by applicable NYSE listing standards; (iii) has no business conflict with us or our subsidiaries; and (iv) otherwise meets applicable independence criteria specified by law, regulation, exchange requirement or the Board of Directors. During its review of director independence for fiscal 2007, the Board considered whether there were any transactions, relationships or arrangements between the Company and any director or any member of his or her immediate family (or any entity of which a director or an immediate family member is an executive officer, general partner or significant equity holder). As a result of this review, the Board of Directors has affirmatively determined that the following persons had no such transactions, relationships or arrangements and qualified as independent under our director independence standards:

Henry L. Aaron

Elizabeth M. Eveillard

Lawrence J. Ring

Harvey L. Sonnenberg

James L. Weisman

The Board of Directors has a standing Nominating and Corporate Governance Committee, Compensation Committee, Audit Committee (each of which is comprised solely of independent directors) and Strategic Planning and Enterprise Risk Assessment Committee. The Nominating and Corporate Governance Committee recommended that the Community Affairs Committee be dissolved, which was confirmed by the Board of Directors in March, 2008.

**Nominating and Corporate Governance Committee**

The members of the Nominating and Corporate Governance Committee are Messrs. Weisman (Chair), Aaron and Sonnenberg and Ms. Eveillard, each of whom is independent in accordance with the applicable SEC rules and listing standards of NYSE. A current copy of the Nominating and Corporate Governance Committee Charter, which was approved by the Board in September 2006, can be found on the Company's corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com) and is available in print (without charge) to any shareholder upon request.

The Nominating and Corporate Governance Committee met two times during the 2007 fiscal year and took action by unanimous written consent once during fiscal 2007. Its functions include assisting the Board in determining the desired qualifications of directors, identifying potential individuals meeting those qualification criteria, recommending to the Board a slate of nominees for election by the shareholders and reviewing candidates nominated by shareholders. In addition, the Nominating and Corporate Governance Committee develops and reviews the Corporate Governance Principles, makes recommendations to the Board of Directors with respect to other corporate governance principles applicable to the Company, oversees the annual evaluation of the Board and committees of the Board, reviews management and Board succession plans and provides education for the Board.

The Nominating and Corporate Governance Committee meets to discuss, among other things, identification and evaluation of potential director candidates. Although there are no specific minimum qualifications that a director candidate must possess, potential candidates are identified and evaluated according to the qualification criteria set forth in the Board's Corporate Governance Principles, which includes, among other attributes, such candidate's independence, character, diversity, age, skills and experience. In identifying potential candidates for Board

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membership, the Nominating and Corporate Governance Committee considers recommendations from the Board of Directors, shareholders and management. Pursuant to its charter, the Nominating and Corporate Governance Committee has the authority to retain consultants and search firms to assist in the process of identifying director candidates. No such consultants or search firms were retained during the 2007 fiscal year.

The Nominating and Corporate Governance Committee will consider nominees recommended by shareholders for the 2009 annual meeting of shareholders, provided that the names of such nominees are submitted in writing, not later than January 5, 2009, to the Company (Attn: James L. Weisman). Each such submission must include: (a) as to the nominee, (i) name, age, business address and residence address; (ii) principal occupation or employment; (iii) the class and number of shares of the Company beneficially owned; and (iv) any other information relating to the nominee that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act ); and (b) as to the shareholder recommending the nominee, (i) name and record address; and (ii) the class and number of shares of the Company beneficially owned. Such recommendation shall be accompanied by a consent signed by the nominee evidencing a willingness to serve as a director, if nominated and elected, and a commitment by the nominee to meet personally with the Nominating and Corporate Governance Committee members.

Other than the submission requirements set forth above, there are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates a nominee for director based on whether the nominee is recommended by a shareholder.

Mr. Wilansky, President and Chief Executive Officer of the Company, was appointed to the Board of Directors pursuant to his employment agreement with the Company.

**Compensation Committee**

The members of the Compensation Committee are Ms. Eveillard (Chair) and Messrs. Aaron, Sonnenberg, Ring and Weisman. Each member of the Compensation Committee is (1) an independent director as defined by Section 303A.00 of the NYSE listed company manual, (2) a non-employee director as defined by Rule 16b-3 under the Exchange Act and (3) an outside director as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended.

A current copy of the Compensation Committee Charter, which was approved by the Board in September 2006, can be found on the Company's corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com) and is available in print (without charge) to any shareholder upon request.

The Compensation Committee met thirteen times during the 2007 fiscal year and took one action by unanimous written consent. The Compensation Committee's functions include: (i) reviewing and approving on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer; (ii) evaluating the Chief Executive Officer's performance and, based upon these evaluations, setting the Chief Executive Officer's annual compensation; (iii) reviewing the performance and approving the evaluation process and compensation structure of the Company's other executive officers; (iv) making recommendations to the Board with respect to the Company's incentive compensation, retirement and other benefit plans; (v) making administrative and compensation decisions under such plans; and (vi) recommending to the Board of Directors the compensation for non-employee Board members.

Additional information concerning the Compensation Committee's processes and procedures for determining executive compensation is provided within the Compensation Discussion Analysis .

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**Compensation Committee Interlocks and Insider Participation**

With respect to the 2007 fiscal year, there were no interlocking relationships between any executive officer of the Company and any entity whose directors or executive officers served on the Board of Directors or the Compensation Committee.

**Audit Committee**

The Company has a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee met fourteen times during the 2007 fiscal year. Additional information concerning the Audit Committee, including its members and a summary of its functions, is provided below under the caption Audit Committee Report.

**Community Affairs Committee**

The Board of Directors formed the Community Affairs Committee in December 2003 to advise management on community affairs and public relations matters. The members of the Community Affairs Committee are Messrs. Aaron (Chair), Sonnenberg, Ring, Diamond and Weisman. The Community Affairs Committee met once during the 2007 fiscal year. The Nominating and Corporate Governance Committee recommended that the Community Affairs Committee be dissolved, which was confirmed by the Board of Directors in March, 2008.

**Strategic Planning and Enterprise Risk Assessment Committee**

The Board of Directors formed the Strategic Planning and Enterprise Risk Assessment Committee (the Strategic Committee ) in December 2006 to assist the Board of Directors in its long-range financial, strategic planning and enterprise risk assessment efforts. The members of the Strategic Committee are Messrs. Ring (Chair), Schottenstein and Wilansky. The Strategic Committee met ten times during the 2007 fiscal year.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who are beneficial owners of more than ten percent of the Company's common shares to file reports of ownership and changes of ownership with the SEC and NYSE. The Company assists its directors and executive officers in completing and filing those reports. Based solely on a review of copies of those reports furnished to the Company and representations of the Company's directors and officers that no other reports were required, the Company believes that all filing requirements applicable to our directors, executive officers and greater than ten percent beneficial owners were complied with during the last completed fiscal year.

**Code of Ethics and Corporate Governance Information**

The Company has adopted a code of ethics that applies to all of its directors, officers and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and an additional code of ethics that applies to its senior financial officers. These codes of ethics, designated by the Company as the Code of Conduct and the Code of Ethics for Senior Financial Officers, respectively, can be found on the Company's investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com) and are available in print (without charge) to any shareholder upon request. The Company intends to disclose any amendment to, or waiver from, any applicable provision of the Code of Conduct or Code of Ethics for Senior Financial Officers (if such amendment or waiver relates to elements listed under Item 406(b) of Regulation S-K and applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) by posting such information on the Company's corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com).

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**AUDIT AND OTHER SERVICE FEES**

The Audit Committee has adopted a policy under which audit and non-audit services to be rendered by the Company's independent registered public accounting firm are pre-approved. The Audit Committee's Pre-Approval Policy (the Pre-Approval Policy) can be found on the Company's corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com). Prior to the engagement of the independent registered public accounting firm for any audit or permissible non-audit services, the engagement must be (1) pre-approved pursuant to the Pre-Approval Policy or (2) specifically approved by the Audit Committee. The Pre-Approval Policy is designed to assure that the provision of such services does not impair the independence of the Company's independent registered public accounting firm and is summarized below.

*Delegation* - The Audit Committee may delegate pre-approval authority to one or more of its independent members provided that the members to whom such authority is delegated report any pre-approval decisions to the Audit Committee at its next meeting. The Audit Committee will not delegate to management its responsibilities to pre-approve services performed by the independent registered public accounting firm.

*Audit Services* - Annual audit, review and attestation engagement terms, conditions and fees are subject to the specific pre-approval of the Audit Committee. Any changes in the terms, conditions or fees resulting from changes in the scope of audit and audit-related services require the Audit Committee's approval. The known or anticipated audit services to be performed by the independent registered public accounting firm in connection with its engagement are subject to the specific or general pre-approval of the Audit Committee.

*Audit-Related Services* - Audit-related services that are reasonably related to the audit or review of the Company's financial statements and that do not impair the independence of the independent registered public accounting firm are subject to the specific or general pre-approval of the Audit Committee.

*Tax Services* - The Audit Committee believes that our independent registered public accounting firm can provide tax services to us such as tax compliance and certain tax advice without impairing its independence. In no event, however, will the independent registered public accounting firm be retained in connection with a transaction initially recommended by the independent registered public accounting firm, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations or similar regulations of other applicable jurisdictions.

*Other Services* - Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the Audit Committee.

*Fees* - Pre-approved fee levels for all services to be provided by the independent registered public accounting firm will be established periodically by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval of the Audit Committee. Each year the independent registered public accounting firm will provide the Audit Committee with an estimate of the fees for its anticipated services. Each quarter, the independent registered public accounting firm will provide the Audit Committee with a report of the audit, audit-related, tax and other services provided together with the actual fees incurred. Any changes to the estimate of services and fees will be discussed quarterly by the Audit Committee and, if necessary, revised.



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No services were provided by the independent public accounting firm during the 2007 fiscal year that were approved by the Audit Committee under SEC Regulation S-X Section 2-01(c)(7)(i)(C) (which addresses certain services considered de minimus which may be approved by the Audit Committee after such services have been performed). The following table sets forth the aggregate fees for professional services rendered by Deloitte & Touche LLP for each of the last two fiscal years of the Company.

	<b>2007</b>	<b>2006</b>
Audit fees <sup>(1)</sup>	\$1,367,000	\$2,053,255
Audit-related fees <sup>(2)</sup>		383,062
Tax fees		
All other fees		
<b>Total</b>	<b>\$1,367,000</b>	<b>\$2,436,317</b>

(1) Includes services rendered for the audit of the Company's annual financial statements, review of financial statements included in the Company's quarterly reports on Form 10-Q, assessment of internal controls in the Company's Annual Report on Form 10-K and other audit services normally provided by Deloitte & Touche LLP in connection with statutory and regulatory filings or engagements.

(2) Includes assurance and related services reasonably

related to the performance of the audit or review of the Company's financial statements not reported as audit fees. During fiscal 2006, audit-related fees included audits performed related to the Company's issuance of Premium Income Exchangeable Securities, or PIES.

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**AUDIT COMMITTEE REPORT**

The members of our Audit Committee are Messrs. Sonnenberg (Chair), Ring, Weisman and Ms. Eveillard. The Board of Directors has determined that each member is independent and financially literate in accordance with the applicable SEC rules and listing standards of the NYSE. The Board of Directors has also determined that our Audit Committee's Chair, Harvey L. Sonnenberg, qualifies as an audit committee financial expert as such term is defined by the SEC under Item 407(d) of Regulation S-K. Although our Board of Directors has determined that Mr. Sonnenberg is a financial expert as defined under SEC rules, his responsibilities are the same as those of the other Audit Committee members. No member of the Audit Committee is currently serving on the audit committees of more than three public companies.

The Audit Committee operates under a written charter, which is available on the Company's corporate and investor website at [www.retailventuresinc.com](http://www.retailventuresinc.com) and is available in print (without charge) to any shareholder upon request.

Under the charter, the Audit Committee's responsibilities include, among other items:

- Review of the Company's annual financial statements to be included in its Annual Report on Form 10-K and recommend to the Board of Directors whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;

- Review of the Company's quarterly financial statements to be included in its Quarterly Reports on Form 10-Q;

- Oversight of the Company's relationship with its independent registered public accounting firm, including:

- Appointment, compensation, retention, termination and oversight of the work of the independent registered public accounting firm and

- Pre-approval of all auditing services and permitted non-audit services by the independent registered public accounting firm;

- Oversight of the Company's internal controls;

- Oversight of the review and response to complaints made to the Company regarding accounting, internal accounting controls and auditing matters;