

DSW Inc.
Form SC 13D/A
October 17, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13D
Under the Securities Exchange Act of 1934
Amendment No. 2
DSW INC.**

(Name of Issuer)

Class A Common Shares, without par value

(Title of Class of Securities)

23334L102

(CUSIP Number)

Irwin A. Bain, Esq.

Schottenstein Stores Corporation

1800 Moler Road

Columbus, Ohio 43207

614-449-4332

With a copy to:

Robert J. Tannous, Esq.

Porter, Wright, Morris & Arthur LLP

41 South High Street

Columbus, OH 43215

614-227-1953

*(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)*

October 7, 2008

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), (f) or (g), check the following box o

Page - 2 -

CUSIP No. 23334L102

NAMES OF REPORTING PERSONS:

1

Jay L. Schottenstein

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS:

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e):

5

CITIZENSHIP OR PLACE OF ORGANIZATION:

6

United States

SOLE VOTING POWER

7

NUMBER OF 377,560*

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

3,595,500*

SOLE DISPOSITIVE POWER

EACH REPORTING 9

PERSON 377,560*

WITH SHARED DISPOSITIVE POWER

10

3,595,500*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,973,060*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

13

21.3%

TYPE OF REPORTING PERSON:

14

IN

* See Item 6.

Page - 3 -

CUSIP No. 23334L102

ITEM 1. Security and Issuer

This Schedule 13D relates to the Class A Common Shares, without par value (the Class A Common Shares), of DSW Inc., an Ohio corporation (the Company), whose principal executive offices are located at 810 DSW Drive, Columbus, Ohio 43219.

ITEM 2. Identity and Background

(a) Jay L. Schottenstein (Mr. Schottenstein)

(b) 1800 Moler Road, Columbus, Ohio 43207

(c) Mr. Schottenstein s principal occupation is Chairman of the Board, President and Chief Executive Officer of Schottenstein Stores Corporation, 1800 Moler Road, Columbus, Ohio 43207.

(d) During the last five years Mr. Schottenstein has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years Mr. Schottenstein has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activity subject to, federal or state securities laws or finding any violations with respect to such laws.

(f) Mr. Schottenstein is a citizen of the United States.

ITEM 3. Source and Amount of Funds or Other Consideration

See Item 6. In addition, SEI, Inc. (f/k/a Retail Ventures, Inc.) used cash of \$15,244,154.86, inclusive of brokerage commissions, to acquire 1,292,900 shares of the Class A Common Stock of the Company.

ITEM 4. Purpose of Transaction

SEI, Inc. (f/k/a Retail Ventures, Inc.), purchased an aggregate of 1,292,900 shares of the Class A Common Stock of the Company. Mr. Schottenstein is a director and Chairman of SEI, Inc., 69.9% of whose common stock is owned by trusts of which Mr. Schottenstein is a Trustee or Trust Advisor.

Mr. Schottenstein evaluates each of his investments, including the Company and the Class A Common Shares, on an ongoing basis, based upon various factors, criteria and alternatives including those noted below. Based on current circumstances and such ongoing evaluation Mr. Schottenstein may, from time to time, acquire additional Class A Common

Page - 4 -

CUSIP No. 23334L102

Shares, continue to own Class A Common Shares or dispose of Class A Common Shares at any time, in the open market or otherwise, may take actions which could involve any of the items enumerated in the Schedule 13D instructions to this Item 4. Mr. Schottenstein reserves the right, based on all relevant factors and circumstances, to change his investment intent with respect to the Company and the Class A Common Shares at any time in the future, and to change his intent with respect to any or all of the matters referred to in this Schedule 13D, including any of the items enumerated in the Schedule 13D instructions to this Item 4. In reaching any conclusion as to his future course of action, Mr. Schottenstein will take into consideration various factors, criteria and alternatives, including, but not limited to, the Company's business and prospects, other developments concerning the business and management of the Company, its competitors and the industry in which it operates, other business and investment opportunities available to Mr. Schottenstein, any contractual obligations to which Mr. Schottenstein is now or may in the future become subject, including in respect of the financing of his ownership of the Class A Common Shares or otherwise relating to his investment in the Company or otherwise, and general economic and stock market conditions, including, but not limited to, the market price of the Class A Common Shares and other investment alternatives. From time to time Mr. Schottenstein may enter into discussions with the Company and/or third parties, concerning his holdings of the Class A Common Shares and possible future extraordinary transactions involving Mr. Schottenstein and the Company and such third persons. There can be no assurance as to whether Mr. Schottenstein will take any action with respect to his ownership of the Class A Common Shares, take action with respect to any of the items enumerated in the Schedule 13D instructions to this Item 4, including entering into any discussions with the Company or with any third parties with respect to the Class A Common Shares or the Company, nor as to outcome of any such matters, including as to whether any discussions if entered into will lead to any transaction that might be considered or agreed to by any third party, the Company or Mr. Schottenstein, the terms of any transaction, or the timing or certainty of any transaction.

ITEM 5. Interest in Securities of the Issuer

- (a) Mr. Schottenstein beneficially owns 3,973,060 Class A Common Shares in the aggregate, representing 21.3% of the outstanding Class A Common Shares. This includes (i) 350,100 Class A Common Shares acquired on July 5, 2005 and held by various family trusts for which Mr. Schottenstein serves as trustee and is therefore deemed to beneficially own such shares; (ii) 1,973,685 Class A Common Shares beneficially owned by Schottenstein Stores Corporation, which are issuable upon the exercise of warrants under the Senior Loan Warrant (see Item 6); (iii) 328,915 Class A Common Shares beneficially owned by Schottenstein RVI, LLC, which are issuable upon the exercise of warrants under the New Term Warrants; (iv) 1,292,900 Class A Common Shares beneficially owned by SEI, Inc.; and (v) 27,460 Class A Common Shares that Mr. Schottenstein has a right to purchase within 60 days of October 7, 2008.
 - (b) Mr. Schottenstein has sole power to vote and dispose of 377,560 shares. Mr. Schottenstein shares the power to vote and dispose of 3,595,500 shares as follows:
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Page - 5 -

CUSIP No. 23334L102

Mr. Schottenstein as a director, Chairman of the Board, President and Chief Executive Officer of Schottenstein Stores Corporation, shares the power to vote and dispose of 1,973,685 Class A Common Shares issuable upon Schottenstein Stores Corporation's exercise of warrants under the Senior Loan Warrant (see Item 6). Mr. Schottenstein as the manager of Schottenstein RVI, LLC shares the power to vote and dispose of 328,915 Class A Common Shares issuable upon Schottenstein RVI, LLC's exercise of warrants under the New Term Warrants (see Item 6). Mr. Schottenstein as a director and Chairman of SEI, Inc. (f/k/a Retail Ventures, Inc.), 69.9% of whose common stock is owned by trusts of which Mr. Schottenstein is a Trustee or Trust Advisor, shares the power to vote and dispose of 1,292,900 Class A Common Shares.

(c) Transactions effected during the past 60 days:

Purchaser	Date	Shares Purchased	Purchase Price
SEI, Inc.	10/06/08	148,800	\$ 11.56*
SEI, Inc.	10/07/08	154,500	\$ 12.48*
SEI, Inc.	10/08/08	466,700	\$ 12.24*
SEI, Inc.	10/09/08	186,900	\$ 11.49*
SEI, Inc.	10/10/08	336,000	\$ 11.00*

* Represents weighted average purchase price.

(d) N/A.

(e) N/A.

ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Term Loans and Term Warrants

On June 11, 2002, Schottenstein Stores Corporation and Cerberus Partners, L.P., a Delaware limited partnership (Cerberus), entered into a financing agreement and agreed to a form of warrant pursuant to which (i) Schottenstein Stores Corporation and Cerberus made available to Retail Ventures, Inc. two term loans (the Term Loans) each in the aggregate principal amount of \$50,000,000 and (ii) Cerberus, Retail Ventures, Inc. and Schottenstein Stores Corporation agreed to a form of warrant (the Term Warrants) that were issued to each of Schottenstein Stores Corporation and Cerberus in connection with the extension of credit described in clause (i) above. The Term Loans were repaid in full on July 5, 2005.

On July 5, 2005, the Term Warrants were amended and restated to entitle Schottenstein Stores Corporation and Cerberus, respectively, to acquire directly from Retail Ventures, Inc. 1,388,752 shares of Retail Ventures, Inc. stock for \$4.50 per share (subject to adjustment for anti-dilution) or 328,915 Class A Common Shares for \$19 per share (the IPO price, subject to adjustment for anti-dilution), or a combination thereof (the "New Term Warrants"). The expiration date of the New Term Warrants is June 11, 2012.

Page - 6 -

CUSIP No. 23334L102

As described above, on May 30, 2008, Schottenstein Stores Corporation contributed its New Term Warrants to Schottenstein RVI, LLC (the New Term Warrants Transfer).

Senior Non-Convertible Loan and Senior Loan Warrants

On July 5, 2005, Schottenstein Stores Corporation, Cerberus and Retail Ventures, Inc. and certain of its subsidiaries and affiliates entered into a Second Amended and Restated Senior Loan Agreement (the Senior Loan) and a Second Amended and Restated Registration Rights Agreement (the Registration Rights Agreement), which replaced a preexisting loan and registration rights agreement that Schottenstein Stores Corporation, Cerberus and Retail Ventures, Inc. had outstanding and pursuant to which (i) Schottenstein Stores Corporation and Cerberus made available to Retail Ventures, Inc. a non-convertible term loan in the aggregate principal amount of \$50,000,000 and (ii) the Company issued Schottenstein Stores Corporation and Cerberus warrants which entitle the holder to purchase from Retail Ventures, Inc. either Retail Ventures, Inc. stock or, in the alternative, Class A Common Shares held by Retail Ventures, Inc. (the Senior Loan Warrants). The Registration Rights Agreement also granted the holder of the New Term Warrants registration rights with respect to RVI common shares issuable upon exercise of the New Term Warrants.

The Senior Loan Warrant held by Schottenstein Stores Corporation entitles it to acquire directly from Retail Ventures, Inc. 8,333,333 shares of Retail Ventures, Inc. stock for \$4.50 per share (subject to adjustment for anti-dilution) or 1,973,685 Class A Common Shares for \$19 per share (the IPO price, subject to adjustment for anti-dilution), or a combination thereof. The Senior Loan Warrant is exercisable until the later of (i) June 10, 2009 and (ii) the repayment in full of the applicable Amended Senior Loan (as defined below).

On January 13, 2006, Schottenstein Stores Corporation notified RVI of its desire to exercise its registration rights pursuant to Section 2.1 and 2.3 of the Registration Rights Agreement and demanded that RVI register pursuant to a shelf registration, all of the common stock issuable upon the exercise of the Senior Loan Warrants and New Term Warrants. On May 30, 2008, pursuant to the New Term Warrants Transfer, Schottenstein RVI, LLC became the holder of the New Term Warrants and entitled to receive the benefits of and be bound by the terms and provisions of the Registration Rights Agreement.

On August 16, 2006, the Senior Loan was amended and restated whereby Retail Ventures, Inc. (i) paid \$49.5 million of the then aggregate \$50.0 million outstanding balance, (ii) secured the remaining \$0.5 million balance with cash collateral accounts, (iii) converted the Senior Loan into two separate loans of \$0.25 million held by each of Schottenstein Stores Corporation and Cerberus, respectively (the Amended Senior Loans), (iv) pledged Company stock sufficient for the exercise of the Senior Loan Warrants, (v) obtained a release of the Class

Page - 7 -

CUSIP No. 23334L102

A Common Shares held by Retail Ventures, Inc. used to secure the Senior Loan and (vi) changed the final maturity date of the Amended Senior Loans to the earlier of June 10, 2009 or the date that the Senior Loan Warrants held by the applicable lender are exercised.

The descriptions of the transactions and agreements set forth in this Schedule 13D are qualified in their entirety by reference to the complete agreements governing such matters, each of which are incorporated by reference or attached to this Schedule 13D as exhibits pursuant to Item 7.

Except as described herein, no contracts, arrangements, understandings or similar relationships exist with respect to the securities of the Company between Schottenstein Stores Corporation and any person or entity.

ITEM 7. Material to Be Filed as Exhibits

The following exhibits are incorporated by reference and deemed filed with this schedule:

1. Form of Conversion Warrant filed as Exhibit 4.1 to Retail Ventures, Inc. s Current Report on Form 8-K filed by Retail Ventures, Inc. on July 11, 2005.
 2. Second Amended and Restated Registration Rights Agreement filed as Exhibit 4.3 to the Retail Ventures, Inc. s Current Report on Form 8-K filed by Retail Ventures, Inc. on July 11, 2005.
 3. Amended Common Stock Warrants filed as Exhibits 4.1, 4.2 and 4.3 to Retail Ventures, Inc. Current Report on Form 8-K filed by Retail Ventures, Inc. on October 19, 2005.
 4. Amended and Restated Senior Loan Agreement, dated as of August 16, 2006, among Value City Department Stores LLC, as borrower, and Schottenstein Stores Corporation, as lender. Incorporated by reference to Exhibit 10.2 to Form 8-K filed on August 22, 2006.
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Page - 8 -
CUSIP No. 23334L102

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: October 15, 2008

By: /s/ Jay L. Schottenstein
Jay L. Schottenstein