

Value City Department Stores Reports Second Quarter Operating Results

Columbus, Ohio, September 4, 2002 /PRNewswire/ -- Value City Department Stores, Inc. (NYSE: VCD) today announced its consolidated financial results for the second quarter ended August 3, 2002.

- Net sales for the second quarter ended August 3, 2002 increased 6.1% to \$569.1 million from \$536.5 million for the quarter ended August 4, 2001.
- Comparable store sales decreased 4.3% compared to the same period last year.
- Operating profit for the quarter was \$10.0 million compared to a \$1.5 million loss for the prior year's quarter. Year to date operating profit for the current year is \$12.1 million versus a loss of \$5.5 million for the same period last year.
- The net loss for the quarter was \$0.7 million, or \$0.02 per share compared to a net loss of \$5.8 million, or \$0.17 per share last year.
- The income before the loss on debt extinguishment was \$1.3 million, or \$0.04 per share.

At 8:00 a.m. EST, on September 6, 2002, the Company's management team will host a conference call to review the financial results. The conference call will be simultaneously broadcast over the Internet at www.valuecity.com. A replay will be available from 10:00 a.m. EST September 6, 2002 through October 6, 2002. To listen to the replay, dial 1-800-839-0860 and reference confirmation code number 1480.

Value City Department Stores, Inc. is a leading off-price retailer operating 116 full-line department stores in the Midwest, mid-Atlantic and southeastern U.S., 117 better-branded DSW Shoe Warehouse Stores in major metropolitan areas throughout the country and 21 Filene's Basement Stores.

SOURCE: Value City Department Stores, Inc.

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VALUE CITY DEPARTMENT STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	August 3, <u>2002</u> (Unaudited)	February 2, <u>2002</u>	August 4, <u>2001</u> (Unaudited)
ASSETS			
Cash and equivalents	\$ 31,952	\$ 35,915	\$ 23,124
Accounts receivable, net	5,135	6,650	13,825
Receivables from affiliates	899	905	3,093
Inventories	417,309	396,830	446,956
Prepaid expenses and other assets	12,401	15,741	15,568
Deferred income taxes	70,505	63,102	65,492
Total current assets	538,201	519,143	568,058
Property and equipment, net	241,006	244,644	243,498
Investment in joint venture	--	--	7,081
Goodwill	37,619	40,974	41,465
Tradenames, net	18,245	19,038	19,829
Other assets	67,186	56,512	46,629
Total Assets	\$ 902,257	\$ 880,311	\$ 926,560
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	\$ 196,877	\$ 149,864	\$ 186,446
Accounts payable to affiliates	5,644	8,909	11,510
Accrued expenses	125,902	130,930	95,681
Current maturities of long-term obligations	743	665	581
Total current liabilities	329,166	290,368	294,218
Long-term obligations, net of current maturities	314,874	337,199	381,564
Deferred rent and other noncurrent liabilities	41,178	32,315	14,565
Shareholders' equity	217,039	220,429	236,213
Total Liabilities and Shareholders' Equity	\$ 902,257	\$ 880,311	\$ 926,560

VALUE CITY DEPARTMENT STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(Unaudited)

	<u>Thirteen Weeks Ended</u>		<u>Twenty-six Weeks Ended</u>	
	<u>August 3, 2002</u>	<u>August 4, 2001</u>	<u>August 3, 2002</u>	<u>August 4, 2001</u>
Net sales, excluding sales of licensed departments	\$ 569,062	\$ 536,477	\$ 1,154,974	\$ 1,066,591
Cost of sales	345,463	330,877	708,188	659,098
Gross profit	223,599	205,600	446,786	407,493
Selling, general and administrative expenses	216,005	211,284	439,275	419,796
License fees from affiliates	792	2,139	1,681	4,251
Other operating income	1,639	2,094	2,912	2,589
Operating profit (loss)	10,025	(1,451)	12,104	(5,463)
Interest expense, net	7,863	8,058	14,201	16,494
Income (loss) before equity in loss of joint venture, extraordinary item and cumulative effect of accounting change and income taxes	2,162	(9,509)	(2,097)	(21,957)
Equity in loss of joint venture	--	(327)	--	(1,211)
Income (loss) before extraordinary item, cumulative effect of accounting change and income taxes	2,162	(9,836)	(2,097)	(23,168)
(Provision) benefit for income taxes	(818)	4,065	746	9,598
Income (loss) before extraordinary item and cumulative effect of accounting change	1,344	(5,771)	(1,351)	(13,570)
Extraordinary (charge), net of income taxes	(2,070)	--	(2,070)	--
Cumulative effect of accounting change, net of income taxes	--	--	(2,080)	--
Net loss	\$ (726)	\$ (5,771)	\$ (5,501)	\$ (13,570)
Basic and diluted earnings (loss) per share:				
Income (loss) before extraordinary item and cumulative effect of accounting change	\$ 0.04	\$ (0.17)	\$ (0.04)	\$ (0.40)
Extraordinary (charge), net of income taxes	\$ (0.06)	--	\$ (0.06)	--
Cumulative effect of accounting change, net of income taxes	--	--	\$ (0.06)	--
Net loss	\$ (0.02)	\$ (0.17)	\$ (0.16)	\$ (0.40)
Comparable store sales:				
Value City Department Stores	(6.1)%	(7.2)%	(3.6)%	(6.8)%
DSW Shoe Warehouse	(2.1)	1.3	(0.4)	1.8
Filene's Basement	1.2	2.8	3.0	6.3
Total	(4.3)%	(4.5)%	(2.1)%	(4.2)%
Store count at end of period:				
Value City Department Stores			116	119
DSW Shoe Warehouse			117	89
Filene's Basement			21	19
Total			254	227

SOURCE: Value City Department Stores, Inc.