

Value City Department Stores Reports Third Quarter Operating Results

Columbus, Ohio, December 5, 2002 /PRNewswire--FirstCall/ -- Value City Department Stores, Inc. (NYSE: VCD) today announced its consolidated financial results for the third quarter ended November 2, 2002.

- Net sales for the third quarter ended November 2, 2002 increased 5.6% to \$617.0 million from \$584.4 million for the quarter ended November 3, 2001.
- Comparable store sales decreased 4.6% compared to the same period last year.
- Operating profit for the quarter was \$3.1 million compared to a \$1.5 million loss for the prior year's quarter. Year to date operating profit for the current year is \$15.2 million versus a loss of \$6.9 million for the same period last year.
- The net loss for the quarter was \$3.5 million, or \$0.10 per share compared to a net loss of \$6.5 million, or \$0.19 per share last year.
- The loss before extraordinary item and cumulative effect of accounting change was \$4.8 million, or \$0.15 per share, compared to a net loss of \$20.0 million, or \$0.60 per share last year.

At 4:30 p.m. EST, on December 5, 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 5:30 p.m. EST December 5, 2002 through January 5, 2003. To listen to the replay, dial 1-800-839-0860 and reference confirmation code number 1267.

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., 125 better-branded DSW Shoe Warehouse Stores in major metropolitan areas throughout the country and 20 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)

	November 2, <u>2002</u> (Unaudited)	February 2, <u>2002</u> (Unaudited)	November 3, <u>2001</u> (Unaudited)
ASSETS			
Cash and equivalents	\$ 30,626	\$ 35,915	\$ 25,342
Accounts receivable, net	18,423	6,650	5,805
Receivables from affiliates	533	905	2,839
Inventories	487,931	396,830	493,125
Prepaid expenses and other assets	19,278	15,741	18,705
Deferred income taxes	60,159	63,102	74,165
Total current assets	616,950	519,143	619,981
Property and equipment, net	238,180	244,644	239,589
Investment in joint venture	--	--	5,840
Goodwill	37,619	40,974	40,610
Tradenames, net	17,849	19,038	19,434
Other assets	66,253	56,512	48,304
Total Assets	\$ 976,851	\$ 880,311	\$ 973,758
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	\$ 231,097	\$ 149,864	\$ 205,748
Accounts payable to affiliates	2,653	8,909	19,804
Accrued expenses	135,337	130,930	121,590
Current maturities of long-term obligations	782	665	623
Total current liabilities	369,869	290,368	347,765
Long-term obligations, net of current maturities	354,752	337,199	381,382
Deferred rent and other noncurrent liabilities	38,191	32,315	15,127
Shareholders' equity	214,039	220,429	229,484
Total Liabilities and Shareholders' Equity	\$ 976,851	\$ 880,311	\$ 973,758

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

	<u>Thirteen Weeks Ended</u>		<u>Thirty-nine Weeks Ended</u>	
	November 2, 2002	November 3, 2001	November 2, 2002	November 3, 2001
Net sales, excluding sales of licensed departments	\$ 616,990	\$ 584,403	\$ 1,771,964	\$ 1,650,994
Cost of sales	383,921	360,943	1,092,109	1,020,041
Gross profit	233,069	223,460	679,855	630,953
Selling, general and administrative expenses	231,241	229,185	670,516	648,981
License fees from affiliates	309	2,592	1,990	6,843
Other operating income	948	1,658	3,860	4,247
Operating profit (loss)	3,085	(1,475)	15,189	(6,938)
Interest expense, net	8,765	7,406	22,966	23,900
Loss before equity in loss of joint venture, extraordinary item and cumulative effect of accounting change and income taxes	(5,680)	(8,881)	(7,777)	(30,838)
Equity in loss of joint venture	--	(1,242)	--	(2,453)
Loss before extraordinary item, cumulative effect of accounting change and income taxes	(5,680)	(10,123)	(7,777)	(33,291)
Benefit for income taxes	2,184	3,645	2,930	13,243
Loss before extraordinary item and cumulative effect of accounting change	(3,496)	(6,478)	(4,847)	(20,048)
Extraordinary (charge), net of income taxes	--	--	(2,070)	--
Cumulative effect of accounting change, net of income taxes	--	--	(2,080)	--
Net loss	\$ (3,496)	\$ (6,478)	\$ (8,997)	\$ (20,048)
Basic and diluted loss per share:				
Income (loss) before extraordinary item and cumulative effect of accounting change	\$ (0.10)	\$ (0.19)	\$ (0.15)	\$ (0.60)
Extraordinary (charge), net of income taxes	--	--	(0.06)	--
Cumulative effect of accounting change, net of income taxes	--	--	(0.06)	--
Net loss	\$ (0.10)	\$ (0.19)	\$ (0.27)	\$ (0.60)
Comparable store sales:				
Value City Department Stores	(7.2)%	(0.1)%	(4.9)%	(4.6)%
DSW Shoe Warehouse	1.8	(2.4)	0.3	0.4
Filene's Basement	0.0	(1.2)	1.9	2.3
Total	(4.6)%	(0.7)%	(3.0)%	(3.0)%
Store count at end of period:				
Value City Department Stores			116	118
DSW Shoe Warehouse			124	100
Filene's Basement			20	20
Total			260	238

SOURCE: Value City Department Stores, Inc.