

Retail Ventures, Inc. Reports Third Quarter Operating Results

Columbus, Ohio, December 15, 2009 /PRNewswire/ -- Retail Ventures, Inc. (NYSE: RVI) today announced its consolidated financial results for the third quarter ended October 31, 2009.

On April 21, 2009, Retail Ventures sold all of the outstanding capital stock of Filene's Basement to FB II Acquisition Corp., a newly formed entity owned by Buxbaum Holdings, Inc. On May 4, 2009, Filene's Basement filed for bankruptcy protection.

- The loss from continuing operations for the quarter ended October 31, 2009 was \$3.9 million on net sales of \$444.6 million, compared to income from continuing operations of \$19.5 million on net sales of \$391.4 million for the quarter ended November 1, 2008. DSW same store sales increased 8.7% during the third quarter of fiscal 2009 versus a decrease of 4.1% last year.
- Diluted loss per share from continuing operations attributable to Retail Ventures, Inc. common shareholders was \$0.28 for the quarter ended October 31, 2009 compared with diluted earnings per share from continuing operations attributable to Retail Ventures, Inc. common shareholders of \$0.30 per share last year.

The Company believes that the non-cash accounting charge associated with the change in fair value of derivative instruments is not directly related to its retail operations and is therefore providing supplemental adjusted results that exclude this item. This non-GAAP financial measure should facilitate analysis by investors and others who follow the Company's financial performance. A reconciliation of non-GAAP results follows:

	Fiscal Quarter Ended	
	October 31, 2009	November 1, 2008
	(dollars in thousands)	
Operating profit:		
Non-GAAP operating profit	\$ 41,210	\$ 20,917
Change in fair value of derivatives	(30,701)	7,858
GAAP operating profit	\$ 10,509	\$ 28,775
 (Loss) income from continuing operations attributable to Retail Ventures, Inc. common shareholders:		
Non-GAAP income from continuing operations	\$ 44,535	\$ 6,658
Change in fair value of derivatives	(30,701)	7,858
GAAP (loss) income from continuing operations, net of tax	\$ (13,834)	\$ 14,516
 Diluted (loss) income per share from continuing operations attributable to Retail Ventures, Inc. common shareholders:		
Non-GAAP diluted income per share	\$ 0.91	\$ 0.14
Change in fair value of derivatives	(0.63)	0.16
GAAP diluted (loss) income per share from continuing operations	\$ (0.28)	\$ 0.30

Retail Ventures, Inc. is a leading off-price retailer operating, as of October 31, 2009, 306 DSW shoe stores in 39 states. DSW also supplies shoes, under supply arrangements, to 356 locations for other retailers in the United States and operates dsw.com.

In connection with the Company's assumption after the end of its third quarter of the rights and obligations related to the Filene's Basement defined benefit pension plan (the "Pension Plan") (as a part of the registrant's previously reported Settlement Agreement relating to the Filene's Basement

bankruptcy), the Company determined that it was necessary to prepare its 2009 quarterly financial statements to account for the Pension Plan in continuing operations rather than as a guarantee attributable to discontinued operations (as it was originally accounted for in the first two quarters). The Company today filed with the SEC restated first and second quarter Forms 10-Q to reflect this.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Any statements in this release that are not historical or current facts are forward-looking statements. All forward-looking statements in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that could cause our future financial performance in fiscal 2009 and beyond to differ materially from those expressed or implied in any such forward-looking statements. Certain of these risks and uncertainties are described in the "Risk Factors" section of the Company's latest quarterly or annual report, as filed with the SEC. These factors include, but are not limited to: our ability to manage and enhance liquidity; DSW's success in opening and operating new stores on a timely and profitable basis; continuation of DSW's supply agreements and the financial condition of its leased business partners; maintaining good relationships with our vendors; our ability to anticipate and respond to fashion trends; fluctuation of our comparable store sales and quarterly financial performance; the realization of our bankruptcy claims related to Filene's Basement and Value City; the impact of the disposition of Filene's Basement and of a majority interest in Value City and the reliance on remaining subsidiaries to pay indebtedness and intercompany service obligations; the risk of Value City and Filene's Basement not paying us or their creditors, for which Retail Ventures may have some liability; the risk of Filene's Basement not paying obligations related to the assets it has assumed from liquidating Filene's Basement if such obligations are subject to ongoing guarantee by us; the impact of Value City and Filene's Basement on our liquidity; disruption of our distribution operations; our dependence on DSW for key services; failure to retain our key executives or attract qualified new personnel; our competitiveness with respect to style, price, brand availability and customer service; declining general economic conditions; risks inherent to international trade with countries that are major manufacturers of footwear; the success of dsw.com; lease of an office facility; liquidity and investment risks related to our investments; and DSW's ability to secure a replacement credit facility upon the expiration of its existing credit facility. Additional factors that could cause our actual results to differ materially from our expectations are described in the Company's latest annual or quarterly report, as filed with the SEC. Any forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to revise the forward-looking statements included in this press release to reflect any future events or circumstances.

SOURCE: Retail Ventures, Inc.

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RETAIL VENTURES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(unaudited)

	<u>October 31,</u> <u>2009</u>	<u>January 31,</u> <u>2009</u>
ASSETS		
Cash and equivalents	\$ 108,723	\$ 94,308
Restricted cash		261
Short-term investments, net	169,429	101,404
Accounts receivable, net	5,779	7,474
Inventories	289,395	244,008
Prepaid expenses and other current assets	24,358	27,249
Deferred income taxes	29,378	22,243
Current assets held for sale		66,678
Total current assets	627,062	563,625
Property and equipment, net	216,274	236,355
Goodwill	25,899	25,899
Tradenames and other intangibles, net	3,028	3,668
Conversion feature of long-term debt	46,943	77,761
Deferred income taxes		805
Other assets	6,264	6,856
Non-current assets held for sale		38,793
Total assets	\$ 925,470	\$ 953,762
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 145,374	\$ 96,213
Accrued expenses	117,204	77,064
Warrant liability	16,260	6,292
Current maturities of long-term obligations		250
Current liabilities held for sale		76,030
Total current liabilities	278,838	255,849
Long-term obligations, net of current maturities	129,194	127,576
Other noncurrent liabilities	112,002	109,290
Deferred income taxes	18,511	29,806
Noncurrent liabilities held for sale		36,055
Total Retail Ventures' shareholders' equity	195,720	222,614
Noncontrolling interests	191,205	172,572
Total shareholders' equity	386,925	395,186
Total liabilities and shareholders' equity	\$ 925,470	\$ 953,762

RETAIL VENTURES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(unaudited)

	Three months ended		Nine months ended	
	October 31, 2009	November 1, 2008	October 31, 2009	November 1, 2008
Net sales	\$ 444,621	\$ 391,355	\$ 1,199,957	\$ 1,114,794
Cost of sales	(238,549)	(218,946)	(666,416)	(628,559)
Gross profit	206,072	172,409	533,541	486,235
Selling, general and administrative expenses	(164,862)	(151,492)	(531,140)	(431,633)
Change in fair value of derivative instruments	(30,701)	7,858	(40,778)	61,759
Operating profit (loss)	10,509	28,775	(38,377)	116,361
Interest expense, net	(2,610)	(346)	(7,787)	(1,963)
Non-operating (expense) income, net	(754)	1,486	(621)	1,486
Income (loss) from continuing operations before income taxes	7,145	29,915	(46,785)	115,884
Income tax expense	(11,079)	(10,411)	(13,507)	(24,649)
(Loss) income from continuing operations	(3,934)	19,504	(60,292)	91,235
Total (loss) income from discontinued operations, net of tax	(295)	(4,527)	44,664	(21,613)
Net (loss) income	(4,229)	14,977	(15,628)	69,622
Less: net income attributable to the noncontrolling interests	(9,900)	(4,988)	(15,359)	(12,748)
Net (loss) income attributable to Retail Ventures, Inc.	\$ (14,129)	\$ 9,989	\$ (30,987)	\$ 56,874
Basic and diluted earnings (loss) per share:				
Basic (loss) earnings per share from continuing operations attributable to Retail Ventures, Inc. common shareholders	\$ (0.28)	\$ 0.30	\$ (1.55)	\$ 1.61
Diluted (loss) earnings per share from continuing operations attributable to Retail Ventures, Inc. common shareholders	\$ (0.28)	\$ 0.30	\$ (1.55)	\$ 1.58
Basic earnings (loss) per share from discontinued operations attributable to Retail Ventures, Inc. common shareholders	\$ 0.01	\$ (0.09)	\$ 0.91	\$ (0.44)
Diluted earnings (loss) per share from discontinued operations attributable to Retail Ventures, Inc. common shareholders	\$ 0.01	\$ (0.09)	\$ 0.91	\$ (0.43)
Basic (loss) earnings per share attributable to Retail Ventures, Inc. common shareholders	\$ (0.29)	\$ 0.21	\$ (0.63)	\$ 1.17
Diluted (loss) earnings per share attributable to Retail Ventures, Inc. common shareholders	\$ (0.29)	\$ 0.20	\$ (0.63)	\$ 1.14
Shares used in per share calculations:				
Basic	48,938	48,681	48,855	48,665
Diluted	48,938	48,817	48,855	49,803
Amounts attributable to Retail Ventures, Inc. common shareholders:				
(Loss) income from continuing operations, net of tax	\$ (13,834)	\$ 14,516	\$ (75,651)	\$ 78,487
Discontinued operations, net of tax	(295)	(4,527)	44,664	(21,613)
Net (loss) income	\$ (14,129)	\$ 9,989	\$ (30,987)	\$ 56,874

SOURCE: Retail Ventures, Inc.