

For Immediate Release

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Federated Department Stores, Inc. Implements Valley Oak Systems' VOS Portal For Its Claims Administration System

Alamo, CA – November 19, 2002 – Valley Oak Systems, Inc. (VOS), a national provider of claims administration software, services, and support, today announced that Federated Department Stores, Inc. has completed implementation of VOS Portal for its claims administration system to manage its multiple lines of insurance. Federated's claims offices are located in Ohio and California, and service the following stores throughout the nation: Macy's, Bloomingdale's, The Bon Marche', Burdines, Goldsmith's, Lazarus, and Rich's.

“We are honored to have Federated as a client using our software to administer its claims,” said Bob Faulhaber, Valley Oak Systems' President. “As leaders in our respective industries we will make a great team and long term partners.”

About VOS Portal

VOS Portal is a claims administration system designed for multiple lines of insurance. The system is highly configurable and can be customized to meet any organization's needs. In addition to the base features, VOS Portal supports EDI (IAIABC) for State Reporting Requirement, document imaging, and forms and letter generation for all jurisdictions as well as client defined. The system interfaces with PRDP, ISO ClaimSearch® (Index Bureau), Employee and Accounts Payable systems. VOS Portal has been designed to enable claims personnel to perform their duties as efficiently as possible.

Federated Department Stores

Federated, with corporate offices in Cincinnati and New York, is one of the nation's leading department store retailers, with annual sales of more than \$15.6 billion. Federated currently operates more than 450 stores in 34 states, Puerto Rico and Guam, under the names of Bloomingdale's, The Bon Marche', Burdines, Goldsmith's, Lazarus, Macy's and Rich's. The company also operates macys.com and Bloomingdale's' By Mail. For more information, visit www.fds.com.

About Valley Oak Systems, Inc.

Valley Oak Systems, Inc. is a privately held corporation with headquarters in Alamo, California. Founded in 1994, Valley Oak Systems has relied on the industry experience of its founders to provide high-quality, cost effective solutions for the claims administration industry. Valley Oak Systems is dedicated to providing the highest quality software, services, and support to enable their clients to meet their goals. The company ranks #398 on the 2002 Inc 500 list of fastest-growing private companies. For more information, go to www.valleyoak.com, or call 925-552-1650.

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