

VALUE CITY DEPARTMENT STORES INC /OH
Form 11-K
June 19, 2001

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the fiscal year ended December 31, 1999

OR

[] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from _____ to _____

Commission File Number: 1-10767

A. Full title of plan and the address of the plan, if different from that of the issuer named below:

SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES ASSOCIATES
PROFIT SHARING AND 401(k) PLAN NO. SS7

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

VALUE CITY DEPARTMENT STORES, INC.
3241 Westerville Road
Columbus, Ohio 43224

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND 1998
AND FOR THE YEAR ENDED DECEMBER 31, 1999

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TOGETHER WITH AUDITORS' REPORT

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Plan Administration Committee
of the SCHOTTENSTEIN STORES CORPORATION
AND AFFILIATES ASSOCIATES PROFIT SHARING
AND 401(K) PLAN NO. SS7:

We have audited the accompanying statements of net assets available for plan benefits of the SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7 (the "Plan") as of December 31, 1999 and 1998, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1999. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our

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opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1999 and 1998, and the changes in net assets available for plan benefits for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets Held for Investment Purposes and Schedule of Nonexempt Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LP

Columbus, Ohio,
December 15, 2000.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Statements of Net Assets Available for Plan Benefits

	1999	1998
	-----	-----
INVESTMENTS:		
At fair market value	\$137,130,596	\$ 43,640,000
At contract value	--	47,110,000
Participant loans	2,201,222	1,360,000
	-----	-----
Total investments	139,331,818	92,110,000
	-----	-----
RECEIVABLES:		
Employee contributions	458,732	91,000
Employer matching contributions	153,308	39,000
Employer profit sharing contributions	2,172,319	2,830,000
	-----	-----

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Total receivables	2,784,359	4,15
	-----	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$142,116,177	\$ 96,27
	=====	=====

The accompanying notes to financial statements and schedules are an integral part of these statements.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Statement of Changes in Net Assets Available for Plan Benefits
For the Year Ended December 31, 1999

ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income, net:		
Dividends and interest	\$ 8,387,558	
Net realized and unrealized appreciation in market value of investments	9,557,166	

Total investment income, net	17,944,724	

Contributions:		
Employee	12,839,510	
Employer matching	5,820,980	
Employer profit sharing contributions	2,171,130	
Rollovers	1,121,294	
Net assets transferred	16,297,369	

Total contributions	38,250,283	

Total additions	56,195,007	

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Distributions to participants	10,332,578	
Fees	17,144	

Total deductions	10,349,722	

Net increase	45,845,285	
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	96,270,892	

NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$142,116,177	

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The accompanying notes to financial statements and schedules are an integral part of this statement.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Notes to Financial Statements and Schedules
December 31, 1999 and 1998

(1) DESCRIPTION OF THE PLAN

GENERAL

The following description of Schottenstein Stores Corporation and Affiliates Associates Profit Sharing and 401(k) Plan No. SS7 (the Plan) is provided for general information only. Interested parties should refer to the Plan document for more complete information.

The Plan was adopted by Schottenstein Stores Corporation and affiliated companies (the "Company") effective August 1, 1989 for the profit sharing provisions of the Plan and effective October 1, 1989 for the 401(k) provisions of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

The Plan is administered by the Company, and all Plan expenses, with the exception of loan fees, are paid by the Company. Effective April 1, 1999, Reliance Trust Company became the trustee and asset custodian of the Plan. Prior to April 1, 1999, Metropolitan Life Insurance Company acted in this capacity.

CONTRIBUTIONS TO THE PLAN

The Plan is a defined contribution plan. Pursuant to the 401(k) feature of the Plan, an eligible employee may contribute up to 20% of his or her cash compensation on a pretax basis within certain dollar limitations imposed by the Internal Revenue Service. The Company matches employee contributions on the first \$50,000 of gross wages as follows: a) the first 1% of an employee's 401(k) savings contribution is matched with an employer contribution of 1.5%, b) the next 1% of an employee's 401(k) savings contribution is matched with an employer contribution of 1%, and c) the next 1% of an employee's 401(k) savings contribution is matched with an employer contribution of one-half percent. The Company may also elect to make a discretionary profit sharing contribution. Such contributions are allocated to eligible participants, as defined by the Plan, based on the ratio of each participant's compensation to the total of all eligible participants' compensation. Total discretionary contributions for 1999 were approximately \$2,000,000.

ELIGIBILITY AND VESTING

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Employees are eligible for participation in the Plan after completing 60 days of service, and having attained the age of twenty and one-half years.

Amounts contributed by the participants and earnings thereon are fully vested and nonforfeitable at all times. Amounts contributed by the Company (matching and profit sharing contributions) to a participant's account and earnings thereon vest at the rate of 25% per year, beginning with the second full year of plan matching participation. Participants are fully vested at the end of the fifth year of matching participation.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Notes to Financial Statements and Schedules
December 31, 1999 and 1998

ALLOCATION OF INVESTMENT INCOME AND FORFEITURES

Investment income for each fund is allocated to the applicable participant's accounts based on the ratio of each participant's account balance to the total of all participants' account balances in that fund, as defined. Forfeitures have historically been used to offset employer contributions after five consecutive one year service breaks, as defined by the Plan, based on the ratio of each eligible participant's compensation to the total of all eligible participant's compensation. During 1998, the Plan was amended such that forfeitures are now immediately available to offset employer contributions. The impact of this plan amendment was that the availability to utilize forfeitures was accelerated. The impact of this acceleration was that approximately \$2,000,000 in forfeitures became available and were utilized to offset employer contributions in 1999. As of December 31, 1999 and 1998, forfeited nonvested accounts, included as Plan assets in the Guaranteed Fixed Income Fund, totaled \$15,563 and \$852,095, respectively.

BENEFIT PAYMENTS

Benefits are generally payable upon the participating employee's retirement, death or disability, or termination of employment and are paid as a lump-sum amount.

NET ASSETS TRANSFERRED

In 1999 the net assets of an affiliated Company's 401(k) plan were transferred to the Plan, and the affiliated Company's 401(k) plan was merged into the Plan. The total amount of transferred assets was \$16,297,369.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared using the accrual basis of accounting.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VALUATION OF INVESTMENTS

Investments are stated at market value except for the Guaranteed Fixed Income Fund which is stated at contract value, which approximates fair value in 1998. This investment option was not

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Notes to Financial Statements and Schedules
December 31, 1999 and 1998

available to participants in 1999. Contract value represents contributions made under the contracts, plus earnings, less Plan withdrawals. The year-end rate for this fund was 6.4% at December 31, 1998.

Unrealized appreciation (depreciation) of assets is based on market values at year-end and market values at the beginning of the Plan year or cost at the time of purchase during the year. Realized appreciation (depreciation) on sale or redemption of assets is based on the proceeds and the market value at the beginning of the Plan year or cost at the time of purchase during the year.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

PARTICIPANT LOANS

Subject to the certain provisions, a participant may borrow from their account balances. The participant executes a promissory note with an interest rate based upon prevailing commercial lending rates. Loan

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principal and interest are paid over a period in excess of one year as determined by the Plan Committee. Participant loans are valued at cost which approximates market value.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

The Accounting Standards Executive Committee issued statement of Position 99-3, "Accounting for and Reporting of Certain Defined Contribution Plan Investments and Other Disclosure Matters" (SOP 99-3), which eliminates the requirement for a defined contribution plan to disclose participant directed investment programs. As required by SOP 99-3, the Plan adopted SOP 99-3 for the 1999 financial statements and reclassified certain amounts in the 1998 financial statements to eliminate the participant - directed fund investment program disclosures.

(3) TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 26, 1996, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Company adopted the proposed amendments in April 1997. The Plan has been amended since the latest determination letter. However, the Plan Administrator believes that the Plan, as currently designed, is in compliance and is being operated within the applicable requirements of the IRC.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Notes to Financial Statements and Schedules
December 31, 1999 and 1998

(4) PLAN INVESTMENTS

Investments, which represent 5% or more of net assets available for Plan benefits, as of December 31, 1999 or 1998, are as follows:

	FAIR MARKET VALUE	
	1999	1998
Guaranteed Fixed Income Fund	\$ -	\$47,111,819
Capital Fund	-	12,276,113
Alpha Fund	-	12,025,244
Argo Fund	-	14,123,836
MFS Institutional Fixed Fund	56,785,787	-
Massachusetts Investors Trust Fund	13,147,263	-
Massachusetts Investors Growth Stock fund	21,217,040	-
MFS Capital Opportunities Fund	14,899,374	-
American Eagle Stock Fund	7,687,293	-

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(5) PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

(6) RECONCILIATION TO FORM 5500

As of December 31, 1999 and 1998, the Plan had \$0 and \$109,392, respectively, of pending distributions to participants who elected to withdraw from the Plan. These amounts are recorded as a liability in the Plan's Form 5500; however, these amounts are not recorded as a liability in the accompanying statements of net assets available for plan benefits in accordance with accounting principles generally accepted in the United States.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Notes to Financial Statements and Schedules
December 31, 1999 and 1998

The following table reconciles net assets available for plan benefits payable and benefits paid per the financial statements to the Form 5500 as filed by the Company as of December 31, 1998.

	BENEFITS PAYABLE TO PARTICIPANTS	BENEFITS PAID	NET ASSETS AVAILABLE FOR PLAN BENEFITS DECEMBER 31, 1998
	-----	-----	-----
Per financial statements	\$ -	\$ 7,399,962	\$ 96,270,892
Accrued benefit payments	109,392	9,945	(109,392)
	-----	-----	-----
Per Form 5500	\$ 109,392	\$ 7,409,907	\$ 96,161,500
	=====	=====	=====

(7) RELATED-PARTY TRANSACTIONS

Certain Plan investments are funds managed MFS. MFS is the asset custodian of the Plan, and therefore, these transactions qualify as party-in-interest. Additionally, as Value City Department Stores (VCDS) and American Eagle Corporation are affiliated companies, the transactions in the VCDS common stock fund and American Eagle Stock Fund qualify as

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party-in-interest. Participant loans also qualify as party-in-interest.

(8) NONEXEMPT TRANSACTIONS

Certain nonexempt transactions between the Plan and the Company have been identified and are listed in Schedule II.

(9) REQUIRED SCHEDULE INFORMATION

There is no information to be reported for the following schedules as of December 31, 1999, or for the year then ended:

- a. Assets held for investment purposes which were both acquired and disposed of within the plan year
- b. Loans or fixed income obligations in default
- c. Leases in default or classified as uncollectible

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(k) PLAN NO. SS7

Item 4i - Schedule of Assets Held for Investment Purposes Schedule I
As of December 31, 1999

IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	DESCRIPTION OF ASSET
Reliance Trust Company	Conservative Option Fund
Reliance Trust Company	Moderate Option Fund
Reliance Trust Company	Aggressive Option Fund
*Reliance Trust Company	MFS Institutional Fixed Fund
Reliance Trust Company	PIMCO Total Return Fund
*Reliance Trust Company	MFS Total Return Fund
Reliance Trust Company	Vanguard 500 Index Fund
Reliance Trust Company	Massachusetts Investors Trust Fund
Reliance Trust Company	Massachusetts Investors Growth Stock Fund
*Reliance Trust Company	MFS Capital Opportunities Fund
*Reliance Trust Company	MFS Emerging Growth Fund

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Reliance Trust Company	Lord Abbott Develop Growth Fund
Reliance Trust Company	American New Perspectives Fund
Reliance Trust Company	Amer Europacific Growth Fund
*Reliance Trust Company	Value City Company Stock Fund
*Reliance Trust Company	American Eagle Stock Fund
*Various Participants	Outstanding Participant Loans (with interest rate ranging from 7% to 10%)

Totals

* denotes party-in-interest

The accompanying financial statements and notes thereto are an integral part of this schedule.

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SCHOTTENSTEIN STORES CORPORATION AND AFFILIATES
ASSOCIATES PROFIT SHARING AND 401(K) PLAN NO. SS7

Item 4 - Schedule of Nonexempt Transactions
For the Year Ended December 31, 1999

Schedule II

IDENTITY OF PARTY INVOLVED	RELATIONSHIP TO PLAN, EMPLOYER OR OTHER PARTY IN INTEREST	DESCRIPTION OF TRANSACTIONS, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL AND PAR OR MATURITY VALUE	AMOUNT LOANED
Schottenstein Stores Corporation and Affiliates	Sponsor	Lending of moneys from the Plan to the employer (contributions not timely remitted to the Plan), as follows: Deemed loan dated June 22, 1999, matured June 28, 1999, at interest based on the Company's incremental borrowing rate (due to delays in transmitting contributions to the Plan Custodian)	\$67,161

The accompanying financial statements and notes thereto are an integral part of this schedule.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned hereunto duly authorized.

Schottenstein Stores Corporation and Affiliates Associates
Profit Sharing and 401(k) Plan No. SS7

Dated: June 11, 2001

/s/ George Dailey

By: George Dailey
Title: Plan Administrator