FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1999-09-10** | Period of Report: **1999-07-31**
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FILER

JACOBSON STORES INC
CIK:**53025**| IRS No.: **380686330** | State of Incorp.:**MI** | Fiscal Year End: **0131**
Type: **10-Q** | Act: **34** | File No.: **000-06319** | Film No.: **99708924**
SIC: **5311** Department stores

Mailing Address
3333 SARGENT ROAD
JACKSON MI 49201

Business Address
3333 SARGENT RD
JACKSON MI 49201
5177646400

FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 1999

Commission file number 0-6319

JACOBSON STORES INC.
(Exact name of registrant as specified in its charter)

Michigan	38-0686330
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

3333 Sargent Road, Jackson, Michigan 49201
(Address of principal executive offices, including zip code)

(517) 764-6400
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock ($1 Par Value):
5,788,209-2/3 Shares outstanding as of July 31, 1999

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For Quarter Ended July 31, 1999

INDEX

CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

ASSETS	July 31, 1999	January 30, 1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,770	$ 2,929
Receivables from customers, net	25,683	32,151
Merchandise inventories	78,842	90,454
Prepaid expenses and other assets	1,224	1,370
Deferred taxes	4,894	4,894
Total current assets	116,413	131,798
PROPERTY AND EQUIPMENT, NET	80,628	84,989
OTHER ASSETS	20,115	20,088
	$ 217,156	$ 236,875

LIABILITIES AND SHAREHOLDERS' EQUITY	July 31, 1999	January 30, 1999
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 2,497	$ 3,719
Accounts payable	25,918	34,769
Accrued expenses	15,404	16,774
Accrued income taxes	--	442
Total current liabilities	43,819	55,704
LONG-TERM DEBT	95,458	99,803
DEFERRED TAXES	4,866	6,386
OTHER LIABILITIES	3,855	4,045
SHAREHOLDERS' EQUITY:		
Common stock	5,975	5,975
Paid-in surplus	7,201	7,201
Retained earnings	56,381	58,160
Treasury stock	(399)	(399)
	69,158	70,937
	$ 217,156	$ 236,875

The accompanying notes are an integral part of these statements.

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands except per share data)
(unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 31, 1999	August 1, 1998	July 31, 1999	August 1, 1998
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 94,186	$ 95,256	$ 208,145	$ 210,081
COSTS AND EXPENSES:				
Cost of merchandise sold, buying and occupancy expenses	68,609	70,184	142,306	142,946
Selling, general and administrative expenses	31,132	31,390	65,523	67,594
Interest expense, net	1,773	1,978	3,577	3,926
Gain on sale of property	(523)	--	(523)	--
Total costs and expenses	100,991	103,552	210,883	214,466
EARNINGS (LOSS) BEFORE INCOME TAXES	(6,805)	(8,296)	(2,738)	(4,385)
PROVISION (CREDIT) FOR INCOME TAXES	(2,382)	(2,904)	(959)	(1,535)
NET EARNINGS (LOSS)	$ (4,423)	$ (5,392)	$ (1,779)	$ (2,850)
EARNINGS (LOSS) PER COMMON SHARE:				
Basic and diluted	$ (0.76)	$ (0.93)	$ (0.31)	$ (0.49)

The accompanying notes are an integral part of these statements.
</TABLE>

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Twenty-Six Weeks Ended July 31, 1999	Twenty-Six Weeks Ended August 1, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,779)	$ (2,850)
Gain on sale of property	(523)	--
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	4,208	4,228
Deferred taxes	(1,520)	(1,724)
Other liabilities	(190)	(199)
Change in:		
Receivables from customers, net	6,468	6,580
Merchandise inventories	11,612	7,461
Prepaid expenses and other assets	146	(7)
Accounts payable and accrued expenses	(10,221)	(2,343)
Current income taxes	(442)	(360)
Net cash provided by operating activities	7,759	10,786
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property	2,315	--
Additions to property and equipment	(1,639)	(5,302)
Other non-current assets	(27)	(202)
Net cash provided by (used in) investing activities	649	(5,504)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Reduction of long-term debt	(5,567)	(6,241)
Proceeds of exercise of stock options	--	81
Net cash used in financing activities	(5,567)	(6,160)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,841	(878)
Cash and cash equivalents, beginning of period	2,929	3,883

CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 5,770	$ 3,005

The accompanying notes are an integral part of these statements.

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For Quarter Ended July 31, 1999

The condensed financial statements included herein have been prepared by the Company without audit and reflect all adjustments which are, in the opinion of management, necessary to achieve a fair statement of results for the interim periods. All adjustments are of a normal and recurring nature.

Because of the nature of the specialty department store business, the results for the twenty-six week periods ended July 31, 1999 and August 1, 1998 (which do not include the Christmas holiday season) are not indicative of the results for the year as a whole.

Certain information in footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or amended, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes to consolidated financial statements included in the Company's latest annual report on Form 10-K.

(1) EARNINGS (LOSS) PER SHARE

Basic earnings per share are computed by dividing reported earnings available to common shareholders by weighted average common shares outstanding. Diluted earnings per share give effect to potential common shares represented by stock options and the Company's 6-3/4% Convertible Subordinated Debentures due 2011, except if anti-dilutive. Earnings (loss) per common share are calculated as follows:

<TABLE>
<CAPTION>

	Thirteen Weeks	Twenty-Six Weeks

(dollars and shares in thousands)	1999	1998	1999	1998
Net loss	$(4,423)	$(5,392)	$(1,779)	$(2,850)
Weighted average common shares outstanding	5,788	5,782	5,788	5,781
Dilutive stock options	9	225	2	213
Shares used to calculate diluted loss per common share	5,797	6,007	5,790	5,994
Loss per common share:				
Basic and Diluted	$ (.76)	$ (.93)	$ (.31)	$ (.49)

</TABLE>

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For Quarter Ended July 31, 1999

(2) CUSTOMER CREDIT AND RECEIVABLES

Receivables from customers were as follows:

(in thousands)	July 31, 1999	January 30, 1999
Receivables from customers	$26,127	$32,749
Less reserve for doubtful accounts	444	598
	$25,683	$32,151

(3) MERCHANDISE INVENTORIES

Merchandise inventories were as follows:

(in thousands)	July 31, 1999	January 30, 1999

Inventories at first-in, first out (FIFO) cost	$ 97,261	$108,263
Less LIFO reserves	18,419	17,809
	$ 78,842	$ 90,454

(4) PROPERTY AND EQUIPMENT

Property and equipment are set forth below:

(in thousands)	July 31, 1999	January 30, 1999
Property and equipment	$175,327	$177,864
Less accumulated depreciation and amortization	94,699	92,875
	$ 80,628	$ 84,989

(5) SUPPLEMENTARY CASH FLOW INFORMATION

The Company considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Interest paid (net of interest capitalized) totaled $3,606,000 and $3,959,000 in the twenty-six week periods ended July 31, 1999 and August 1, 1998, respectively. The Company paid income taxes totalling $1,007,000 and $548,000 in the twenty-six week periods ended July 31, 1999 and August 1, 1998, respectively.

(6) FINANCING

In May 1999, the Company and the lenders under its

Revolving Credit Agreement extended the maturity date by one year to March 24, 2002.

REVIEW BY INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP, independent public accountants, have performed a limited review of the condensed consolidated financial statements for the twenty-six week period ended July 31, 1999. Since they did not perform an audit, they express no opinion on the financial statements referred to above.

EXHIBIT

ARTHUR ANDERSEN LLP

Report of Independent Public Accountants

To Jacobson Stores Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of JACOBSON STORES INC. (a Michigan corporation) and subsidiaries as of July 31, 1999, and the related condensed consolidated statements of earnings and cash flows for the twenty-six week period then ended. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Jacobson Stores Inc. and subsidiaries as of January 30, 1999, and the related consolidated statements of earnings, shareholders' equity and cash flows for the year then ended (not presented herein), and, in our report dated March 5, 1999, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 30, 1999, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan
August 13, 1999

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

PART I: FINANCIAL INFORMATION

For Quarter Ended July 31, 1999

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The registrant, Jacobson Stores Inc., a Michigan corporation and successor to a business founded in 1868, offers customers distinctive apparel and accessories for women, men and children, as well as decorative accents for the home. The Company operates 24 specialty stores in Michigan, Indiana, Kansas, Kentucky, Ohio and Florida, catering to discerning customers with preferences for high quality merchandise and individualized service provided by knowledgeable sales associates.

The Company owns a substantial portion of the real property used in its business, primarily through its consolidated, wholly-owned real estate subsidiary, Jacobson Stores Realty Company ("Jacobson Realty"). The Company also has a consolidated wholly-owned finance subsidiary, Jacobson Credit Corp. ("Jacobson Credit"). As used in this report, the terms "registrant", "Company" and "Jacobson's" refer to Jacobson Stores Inc. and its subsidiaries unless the context indicates otherwise.

The principal distribution functions are performed at service centers in Jackson, Michigan and Winter Park, Florida. Functions common to all stores, such as management coordination, merchandising, sales promotion, data processing and accounting, are centralized at the corporate headquarters in Jackson, Michigan.

a. OPERATING RESULTS: THIRTEEN WEEKS ENDED JULY 31, 1999 COMPARED TO THIRTEEN WEEKS ENDED AUGUST 1, 1998

Sales for the quarter ended July 31, 1999, totaled $94,186,000, a decrease of 1.1% from 1998. The Company operated the same number of stores in 1999 and 1998. The sales decrease in the quarter this year is primarily due to a phase-out of the Company's bridal salons, beginning in the second quarter of 1998.

The Company's gross profit percentage increased to 27.2% for the thirteen weeks this year from 26.3% in 1998, reflecting principally higher markup and lower markdowns.

Selling, general and administrative expenses totaled 33.1% of sales for the quarter, essentially unchanged from 33.0% one year ago. Expense dollars decreased $258,000 in the quarter this year, reflecting savings from integration of the Company's Florida and Midwest buying offices and lower direct selling payroll.

Interest expense, expressed as a percentage of sales, decreased to 1.9% for the quarter from 2.1% one year ago, primarily due to lower revolving credit interest rates and borrowings and lower 6 3/4% Convertible Subordinated Debenture borrowings.

1999 net loss for the thirteen weeks totaled $4,423,000, or 76 cents per common share, compared to $5,392,000, or 93 cents per common share, last year. As a percent of sales, net loss totaled 4.7% in 1999 compared to 5.7% in 1998. 1999 results included an after-tax gain on sale of property totaling $340,000, or 6 cents per share.

b. OPERATING RESULTS: TWENTY-SIX WEEKS ENDED JULY 31, 1999 COMPARED TO TWENTY-SIX WEEKS ENDED AUGUST 1, 1998

Sales for the twenty-six weeks ended July 31, 1999, totaled $208,145,000, a decrease of 0.9% from 1998. The Company operated the same number of stores in 1999 and 1998. The sales decrease in the twenty-six weeks this year is primarily due to a phase-out of the Company's bridal salons, beginning in the second quarter of 1998.

The Company's gross profit percentage decreased to 31.6% for the twenty-six weeks this year from 32.0% in 1998, reflecting principally higher markdowns, partially offset by higher markup.

Selling, general and administrative expenses, expressed as a percentage of sales, decreased to 31.5% for the twenty-six weeks from 32.2% one year ago. The decrease is due primarily to reduced sales promotion expense in the first quarter this year.

Interest expense, expressed as a percentage of sales, decreased to 1.7% from 1.9% in 1998, primarily due to lower revolving credit interest rates and borrowings and lower 6 3/4% Convertible Subordinated Debenture borrowings.

1999 net loss for the twenty-six weeks totaled $1,779,000, or 31 cents per common share, compared to $2,850,000, or 49 cents per common share, last year. As a percent of sales, net loss was 0.9% in 1999 compared to 1.4% in 1998. 1999 results included an after-tax gain on sale of property totaling $340,000, or 6 cents per share.

c. LIQUIDITY AND CAPITAL RESOURCES

At July 31, 1999, the Company's current ratio was 2.66 to 1 and working capital totaled $72,594,000, including $5,770,000 of cash and cash equivalents. At January 30, 1999, the current ratio was 2.37 to 1 and working capital totaled $76,094,000, including $2,929,000 of cash and cash equivalents.

The Company utilizes cash flows from operations and revolving credit line borrowings to fund its seasonal working capital needs, debt service and expenditures to modernize and refixture existing stores. To support its present and planned working capital requirements, the Company has a $100,000,000 revolving credit facility under a Revolving Credit Agreement with a commercial lender. The revolving credit facility currently provides for borrowings of up to $80,000,000, subject to a borrowing base limitation and lender reserves. The Company may, at its option, increase the maximum available borrowings under the revolving credit facility to up to $100,000,000 in the aggregate, subject to the borrowing base limitation and lender reserves. As of July 31, 1999, the Company had borrowed $31,529,000 under this facility and had $48,471,000 of borrowing availability. For the twenty-six weeks ended July 31, 1999, the daily weighted average interest rate on borrowings under the Revolving Credit Agreement was 7.5%.

The Company's debt obligations that are sensitive to changes in interest rates, scheduled principal maturities, weighted average interest rates associated with those maturities and market value of debt have not changed materially from fiscal year-end, except that in May 1999 the Company received a one-year extension of the revolving credit facility maturity date to March 24, 2002. In the Form 10-K for the year ended January 30, 1999, revolving credit borrowings of $34,875,000 were included in 2001 principal maturities.

d. CASH FLOWS

Cash and cash equivalents increased $2,841,000 in the twenty-six weeks ended July 31, 1999, compared to a decrease of $878,000 in the twenty-six weeks ended August 1, 1998. Cash flows are impacted by operating, investing and financing activities. In the twenty-six weeks this year, cash provided by operating activities totaled $7,759,000, compared to $10,786,000 in 1998.

Net operating cash inflows in the 1999 twenty-six weeks resulted primarily from earnings before non-cash charges, collection of receivables from customers and seasonal inventory decreases, partially offset by paydown of accounts payable. Net cash inflows in the 1998 twenty-six weeks resulted primarily from earnings before non-cash charges, collection of receivables from customers and seasonal inventory decreases, partially offset by paydown of accounts payable.

Investing activities provided cash of $649,000 in the twenty-six weeks this year compared to $5,504,000 used in 1998. Capital expenditures totaled $1,639,000 in the first twenty-six weeks of 1999 compared to $5,302,000 in the comparable 1998 period. Proceeds from the sale of property in 1999 totaled $2,315,000.

Financing activities used cash of $5,567,000 in the twenty-six weeks this year compared to $6,160,000 used last year. In the twenty-six weeks in 1999, the Company paid down $3,347,000 under its revolving credit facility, used $1,260,000 to purchase 6 3/4% Convertible Subordinated Debentures, satisfying the December 1999 sinking fund requirement, and used $960,000 to service current maturities of long-term debt. In 1998, the Company paid down $4,978,000 under the Revolving Credit Agreement, purchased $324,000 in principal amount of 6 3/4% Convertible Subordinated Debentures toward satisfaction of the $1,725,000 annual sinking fund requirement and used $939,000 to service current maturities of long-term debt.

The Company believes its cash flows from operations, along with its borrowing capacity and access to financial markets are adequate to fund its operations and debt maturities.

e. CORPORATE DEVELOPMENT

The Company has no commitments for any new store locations at the present time. The Company reviews the performance of its less profitable stores from time to time to determine whether it would be in the Company's best interest to close any of these stores. Store closings could have a significant impact on the Company's sales, expenses and capital requirements and would likely entail additional significant one-time charges to effect the closing and to recognize any impairment of assets resulting from the closing decision. In 1998, the Company sold closed facilities in Jackson and Kalamazoo, Michigan. In the second quarter of 1999, the Company sold a closed facility in Dearborn, Michigan.

In 1999, the Company is constructing a 17,000 square foot expansion of its leased store in Naples, Florida and is remodeling its Sarasota, Florida store. Both projects are scheduled for completion in time for the 1999 Holiday season.

The Company is actively addressing the issues related to the year 2000. In 1997, the Company assessed its critical information systems, communications networks, equipment and facilities, and established a plan of action to remediate or replace all non-compliant software and hardware that could pose a significant risk to the Company's operations. The Company expects to complete remediation or replacement, testing and implementation of all key systems by the end of September 1999.

In addition, the Company has contacted third-party providers of computer hardware and software to secure appropriate representations that such hardware or software is or will be year 2000 compliant. The Company has received year 2000 compliant versions of most third-party software and expects to complete testing and implementation of those third-party software programs that have been identified as critical to the Company's operation by the end of September 1999.

The Company believes its information systems will be ready for the year 2000. Under the most reasonably likely worst case scenario, it may experience isolated incidents of non-compliance. The Company expects that its technically trained personnel, working in cooperation with key vendors and service providers, should be able to address any year 2000 issues that may arise. As part of its contingency planning effort, the Company has made inquiries as to the year 2000 readiness of select key merchandise vendors. The Company continues to evaluate the responses to identify any significant exposure that may exist and to establish alternate sources or strategies where necessary. The Company believes it generally will have alternative sources of comparable products and services and does not expect to experience any material business interruption.

Many risks, however, such as the failure to perform by public utilities, telecommunications providers and financial institutions, and the impact of the year 2000 issue on the economy as a whole, are outside the Company's control and could adversely affect the Company and its ability to conduct business. While the Company believes its remediation and contingency planning efforts adequately identify and address the year 2000 issues that are within the Company's reasonable control, there can be no assurance that the year 2000 issue will not have a material adverse impact on the Company's financial condition, operating results or business.

The substantial majority of the costs to replace non-compliant software and hardware would have been incurred regardless of the year 2000 issue to meet current business needs and to take advantage of new lower cost technology platforms. In addition, the Company expects to spend approximately $800,000 in internal development costs related to year 2000 readiness, principally for payroll costs of its internal information systems staff in 1998 and 1999, of which approximately $675,000 had been spent through July 31, 1999. These system replacement and internal costs are expected to be funded primarily through cash flows from operations.

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

PART I: FINANCIAL INFORMATION

For Quarter Ended July 31, 1999

Each of the above statements regarding future revenues, expenses or business plans (including statements regarding the sufficiency of the Company's capital resources to fund future operations) may be a "forward looking statement" within the meaning of the Securities Exchange Act of 1934. Such statements are subject to important factors and uncertainties that could cause actual results to differ materially from those in the forward-looking statement, including the continued support of the Company's trade creditors and factors, the risks inherent in the level of the Company's long-term debt compared to its equity, the risks inherent in the Year 2000 computer issue, the risk of unanticipated operating expenses, general trends in retail clothing apparel purchasing, especially during the Christmas season, and the factors set forth in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

PART I: FINANCIAL INFORMATION

For Quarter Ended July 31, 1999

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's debt obligations that are sensitive to changes in interest rates, scheduled principal maturities, weighted average interest rates associated with those maturities and market value of debt have not changed materially from fiscal year-end, except that in May 1999 the Company received a one-year extension of the revolving credit facility maturity date to March 24, 2002. In the Form 10-K for the year ended January 30, 1999, revolving credit borrowings of $34,875,000 were included in 2001 principal maturities.

PART II: OTHER INFORMATION

For Quarter Ended July 31, 1999

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of the Company was held on May 27, 1999. At the Annual Meeting, Herbert S. Amster, Herman S. Kohlmeyer, Jr., P. Gerald Mills and M. Marnette Perry were elected as Directors to serve until the 2002 Annual Meeting of Shareholders and until their successors are elected and qualified. Also at the Annual Meeting, Leslie E. Dietzman was elected as a Director to serve until the 2000 Annual Meeting of Shareholders and until his successor is elected and qualified. The following votes were cast for or were withheld from voting with respect to the election of each of the following persons:

	Votes	
Name	For	Authority Withheld
Herbert S. Amster	5,391,886	24,773
Herman S. Kohlmeyer, Jr.	5,390,742	25,917
P. Gerald Mills	5,049,603	367,056
M. Marnette Perry	5,052,543	364,116
Leslie E. Dietzman	5,042,320	374,339

There were no abstentions or broker non-votes in connection with the election of the directors at the Annual Meeting.

In addition, at the Annual Meeting, the shareholders voted to appoint Arthur Andersen LLP, independent certified public accountants, as auditors for the fiscal year ending January 29, 2000. The following table shows the number of votes for and against the proposal and the number of votes abstaining with respect to the proposal:

For	Against	Abstain
5,368,238	44,752	3,669

There were no broker non-votes in connection with the appointment of the Company's auditors at the Annual Meeting.

PART II: OTHER INFORMATION

For Quarter Ended July 31, 1999

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

15 Letter from Independent Public Accountants
27 Financial Data Schedule

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during its fiscal quarter ended July 31, 1999.

All exhibits except as set forth above have been omitted as not applicable or not required.

For Quarter Ended July 31, 1999

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JACOBSON STORES INC.

(Registrant)

Date: September 10 , 1999 BY: /s/ P. Gerald Mills

P. GERALD MILLS
Chairman of the Board, President
and Chief Executive Officer

Date: September 10 , 1999 BY: /s/ Paul W. Gilbert

PAUL W. GILBERT
Vice Chairman of the Board
(Principal Financial Officer)

JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES

INDEX OF EXHIBITS

15 Letter from Independent Public Accountants
27 Financial Data Schedule

All exhibits except as set forth above have been omitted as not applicable or not required.

EXHIBIT 15

ARTHUR ANDERSEN LLP

To Jacobson Stores Inc.:

We are aware that Jacobson Stores Inc. has incorporated by reference in its Form S-8 Registration Statements File Nos. 033-53469, 333-31989 and 333-59031 and Form S-2 File No. 33-10532 its Form 10-Q for the quarter ended July 31, 1999, which includes our report dated August 13, 1999, covering the unaudited interim condensed consolidated financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, that report is not considered a part of the registration statement prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Detroit, Michigan
September 10, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF JACOBSON STORES INC. AND CONSOLIDATED SUBSIDIARIES AS OF, AND FOR THE TWENTY-SIX WEEK PERIOD ENDED, JULY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.
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<NET-INCOME>	(1,779)
<EPS-BASIC>	(0.31)
<EPS-DILUTED>	(0.31)

</TABLE>