

MICHAELS STORES INC
Form 10-Q
May 24, 2013
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 4, 2013

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-09338

MICHAELS STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-1943604
(I.R.S. employer
identification number)

8000 Bent Branch Drive

Irving, Texas 75063

(Address of principal executive offices, including zip code)

(972) 409-1300

(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of May 21, 2013, 118,687,391 shares of the Registrant's Common Stock were outstanding.

*The Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, but is not required to file such reports under such sections.

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Part I FINANCIAL INFORMATION

Item 1. Financial Statements.

MICHAELS STORES, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

(Unaudited)

	May 4, 2013	February 2, 2013	April 28, 2012
ASSETS			
Current assets:			
Cash and equivalents	\$ 55	\$ 56	\$ 385
Merchandise inventories	842	865	874
Prepaid expenses and other	85	86	77
Deferred income taxes	37	37	42
Income tax receivable	8	3	5
Total current assets	1,027	1,047	1,383
Property and equipment, at cost			
Less accumulated depreciation and amortization	(1,186)	(1,164)	(1,095)
Property and equipment, net	341	338	310
Goodwill			
Debt issuance costs, net of accumulated amortization of \$52, \$54, and \$78, respectively	94	94	95
Deferred income taxes	42	46	55
Other assets	13	13	18
Other assets	2	3	4
Total non-current assets	151	156	172
Total assets	\$ 1,519	\$ 1,541	\$ 1,865
LIABILITIES AND STOCKHOLDERS DEFICIT			
Current liabilities:			
Accounts payable	\$ 232	\$ 263	\$ 280
Accrued liabilities and other	300	367	388
Current portion of long-term debt	198	150	127
Deferred income taxes	4	4	1
Income taxes payable	31	40	28
Total current liabilities	765	824	824
Long-term debt			
Deferred income taxes	2,887	2,891	3,363
Other long-term liabilities	2	2	11
Other long-term liabilities	79	83	85
Total long-term liabilities	2,968	2,976	3,459
Total liabilities	3,733	3,800	4,283

Commitments and contingencies**Stockholders deficit:**

Common Stock, \$0.10 par value, 220,000,000 shares authorized;

118,417,069 shares issued and outstanding at May 4, 2013;

118,414,727 shares issued and outstanding at February 2, 2013;

118,420,253 shares issued and outstanding at April 28, 2012

	12	12	12
Additional paid-in capital	48	49	49
Accumulated deficit	(2,279)	(2,326)	(2,487)
Accumulated other comprehensive income	5	6	8
Total stockholders deficit	(2,214)	(2,259)	(2,418)
Total liabilities and stockholders deficit	1,519	1,541	\$ 1,865

See accompanying notes to consolidated financial statements.

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MICHAELS STORES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(Unaudited)

		Quarter Ended	
	May 4, 2013	April 28, 2012	
Net sales	\$	993	\$ 978
Cost of sales and occupancy expense		586	566
Gross profit			