

MICHAELS STORES INC
Form 10-Q
September 04, 2009
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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 August 1, 2009

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

75-1943604
(I.R.S. employer

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incorporation or organization)

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

As of August 31, 2009, 118,942,246 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)

	August 1, 2009	January 31, 2009	August 2, 2008
ASSETS			
Current assets:			
Cash and equivalents	\$ 36	\$ 33	\$ 45
Merchandise inventories	950	900	938
Prepaid expenses and other	75	73	71
Deferred income taxes	41	41	31
Income tax receivable	16	2	42
Total current assets	1,118	1,049	1,127
Property and equipment, at cost	1,228	1,214	1,187
Less accumulated depreciation	(883)	(832)	(777)
	345	382	410
Goodwill	94	94	94
Debt issuance costs, net of accumulated amortization of \$47, \$39, and \$30, respectively	78	86	95
Deferred income taxes	14	12	
Other assets	26	2	2
	212	194	191
Total assets	\$ 1,675	\$ 1,625	\$ 1,728
LIABILITIES AND STOCKHOLDERS DEFICIT			
Current liabilities:			
Accounts payable	\$ 216	\$ 230	\$ 244
Accrued liabilities and other	288	275	304
Current portion of long-term debt	198	173	286
Income taxes payable		2	
Current liabilities - discontinued operations	1	1	2
Total current liabilities	703	681	836
Long-term debt	3,766	3,756	3,748
Deferred income taxes			4
Other long-term liabilities	79	74	78
Long-term liabilities - discontinued operations	1	1	1
Total long-term liabilities	3,846	3,831	3,831

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	4,549	4,512	4,667
Commitments and contingencies			
Stockholders deficit:			
Common Stock, \$0.10 par value, 220,000,000 shares authorized; 118,387,229 shares issued and outstanding at August 1, 2009; 118,376,402 shares issued and outstanding at January 31, 2009; 118,382,402 shares issued and outstanding at August 2, 2008	12	12	12
Additional paid-in capital	32	27	15
Accumulated deficit	(2,925)	(2,931)	(2,976)
Accumulated other comprehensive income	7	5	10
Total stockholders deficit	(2,874)	(2,887)	(2,939)
Total liabilities and stockholders deficit	\$ 1,675	\$ 1,625	\$ 1,728

See accompanying notes to consolidated financial statements.

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MICHAELS STORES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions)

(Unaudited)

**Quarter Ended
August 1,**

Six Months Ended