

MICHAELS STORES INC  
Form 10-Q  
May 24, 2012  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

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**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 April 28, 2012

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)

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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, 2012, 118,705,497 shares of the Registrant's Common Stock were outstanding.

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\*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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**MICHAELS STORES, INC.**

**FORM 10-Q**

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## MICHAELS STORES, INC.

## Part I FINANCIAL INFORMATION

## Item 1. Financial Statements.

## MICHAELS STORES, INC.

## CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

(Unaudited)

	April 28, 2012	January 28, 2012	April 30, 2011
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and equivalents	\$ 385	\$ 371	\$ 157
Merchandise inventories	874	840	852
Prepaid expenses and other	77	80	79
Deferred income taxes	42	42	52
Income tax receivable	5	1	4
Total current assets	1,383	1,334	1,144
<b>Property and equipment, at cost</b>			
	1,405	1,391	1,343
Less accumulated depreciation and amortization	(1,095)	(1,079)	(1,047)
Property and equipment, net	310	312	296
<b>Goodwill</b>			
	95	95	95
<b>Debt issuance costs, net of accumulated amortization of \$78, \$74, and \$63, respectively</b>			
	55	59	67
<b>Deferred income taxes</b>			
	18	18	32
<b>Other assets</b>			
	4	4	7
Total non-current assets	172	176	201
Total assets	\$ 1,865	\$ 1,822	\$ 1,641
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 280	\$ 301	\$ 258
Accrued liabilities and other	388	389	360
Current portion of long-term debt	127	127	
Deferred income taxes	1	1	
Income taxes payable	28	19	11
Total current liabilities	824	837	629
<b>Long-term debt</b>			
	3,363	3,363	3,543
<b>Deferred income taxes</b>			
	11	11	4
<b>Other long-term liabilities</b>			
	85	85	79
Total long-term liabilities	3,459	3,459	3,626
Total liabilities	4,283	4,296	4,255

**Commitments and contingencies**

**Stockholders deficit:**

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

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

118,265,885 shares issued and outstanding at January 28, 2012;

118,511,580 shares issued and outstanding at April 30, 2011

	12	12	12
Additional paid-in capital	49	48	45
Accumulated deficit	(2,487)	(2,540)	(2,679)
Accumulated other comprehensive income	8	6	8
Total stockholders deficit	(2,418)	(2,474)	(2,614)
Total liabilities and stockholders deficit	\$ 1,865	\$ 1,822	\$ 1,641

See accompanying notes to consolidated financial statements.

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**MICHAELS STORES, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

(in millions)

(Unaudited)

		Quarter Ended	
	April 28, 2012	April 30, 2011	
<b>Net sales</b>	\$	978	\$ 953
Cost of sales and occupancy expense		566	560
<b>Gross profit</b>			