

MICHAELS STORES INC
Form 8-K
March 08, 2002

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): NOVEMBER 12, 2001

MICHAELS STORES, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation)	001-09338 (Commission File Number)	75-1943604 (IRS Employer Identification No.)
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8000 BENT BRANCH DRIVE IRVING, TEXAS (Address of Principal Executive Offices)	75063-6041 (Zip Code)
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Registrant's telephone number, including area code: (972) 409-1300

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ITEM 5. OTHER EVENTS.

(a) SELECTED FINANCIAL DATA.

On October 31, 2001, the Board of Directors of Michaels Stores, Inc. (the "Company") declared a two-for-one common stock split effected in the form of a stock dividend to stockholders of record as of the close of business on November 12, 2001, payable on November 26, 2001. The selected financial data set forth below reflects earnings per share amounts adjusted to reflect the stock split on a retroactive basis.

FISCAL YEAR

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	2000	(1)	(2)	1999	1998	1997	1996
(IN THOUSANDS EXCEPT PER SHARE AND STORE DATA)							
RESULTS OF OPERATIONS:							
Net sales.....	\$2,249,440			\$1,882,522	\$1,573,965	\$1,456,524	\$1,456,524
Operating income (loss).....	148,417			122,672	89,112	68,942	68,942
Net income (loss).....	78,589			62,301	43,601	30,077	30,077
Diluted earnings (loss) per common share (4).....	1.15			1.00	0.71	0.52	0.52
BALANCE SHEET DATA:							
Cash and equivalents.....	\$ 28,191			\$ 77,398	\$ 96,124	\$ 162,283	\$ 162,283
Merchandise inventories.....	663,700			615,065	501,239	385,580	385,580
Total current assets.....	729,816			722,987	621,928	573,183	573,183
Total assets.....	1,158,436			1,096,703	962,650	908,494	908,494
Working capital.....	440,808			452,011	391,227	358,691	358,691
Long-term debt.....	125,145			224,635	230,896	234,889	234,889
Total liabilities.....	453,790			529,905	481,671	466,583	466,583
Stockholders' equity.....	704,646			566,798	480,979	441,911	441,911
OTHER FINANCIAL DATA:							
Cash flow from operating activities....	\$ 146,758			\$ 60,770	\$ 6,038	\$ 77,907	\$ 77,907
Cash flow from investing activities....	(120,084)			(90,759)	(59,567)	(38,988)	(38,988)
Cash flow from financing activities....	(75,881)			11,263	(12,630)	64,295	64,295
EBITDA (5).....	217,425			184,251	143,255	117,589	117,589
STORES OPEN AT END OF YEAR:							
Michaels.....	628			559	496	452	452
Aaron Brothers.....	119			95	78	74	74
Star Wholesale.....	1			-	-	-	-
Total stores open at end of year.....	748			654	574	526	526

- (1) Fiscal 2000 and 1996 were both 53-week fiscal years. All other fiscal years included in the above table were 52-week fiscal years.
- (2) Fiscal 2000 net income and diluted earnings per common share include the cumulative effect of a change in accounting principle, net of tax, in the amount of \$1.9 million, or \$0.06 per diluted share. EBITDA for fiscal 2000 includes the pretax cumulative effect of a change in accounting principle of \$3.1 million. See Note 2 of Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.
- (3) Operating income in fiscal 1996 includes the effect of an unusual pre-tax charge of \$41.2 million for costs associated with the sale to liquidate merchandise that was eliminated following store resets, markdowns on discontinued furniture and other home decor merchandise, and reserves for the closure of four stores and the write-down of leasehold improvements in three stores.

- (4) On October 31, 2001, the Company's Board of Directors declared a two-for-one common stock split effected in the form of a stock dividend

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to stockholders of record as of the close of business on November 12, 2001, payable on November 26, 2001. All references to earnings per share amounts in the above table have been adjusted to reflect the stock split on a retroactive basis.

- (5) EBITDA is calculated as income before income taxes plus interest, depreciation, and amortization. EBITDA is presented because it is a widely accepted financial indicator of a company's ability to incur and service debt, but is not a financial measurement recognized by generally accepted accounting principles, and therefore, may not be comparable to similarly titled measures used by other entities. EBITDA should not be considered by an investor as an alternative to net income, as an indicator of the operating performance of the Company, or as an alternative to cash flow as a measure of liquidity.

(b) LITIGATION.

On February 1, 2002, the Company issued a press release announcing that its subsidiary, Aaron Brothers, Inc., has reached a tentative agreement to settle the COLLINS V. AARON BROTHERS, INC. lawsuit previously disclosed in the Company's periodic filings with the Securities and Exchange Commission. The settlement is subject to final documentation and court approval.

A copy of the press release is filed as Exhibit 99.1 to this Form 8-K.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) EXHIBITS.

Exhibit Number -----	Description -----
99.1	Press Release, dated February 1, 2002.

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

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undersigned hereunto duly authorized.

MICHAELS STORES, INC.

By: /s/ Bryan M. DeCordova

Bryan M. DeCordova, Executive Vice
President -- Chief Financial Officer

Date: March 8, 2002

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INDEX TO EXHIBITS

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