
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): **April 8, 2020**

Commission File Number **001-36501**

THE MICHAELS COMPANIES, INC.

Delaware
(State or other jurisdiction
of incorporation)

001-36501
(Commission
File Number)

37-1737959
(I.R.S. Employer
Identification Number)

8000 Bent Branch Drive
Irving, Texas
(Address of principal executive offices)

75063
(Zip code)

Registrant's telephone number, including area code: (972) 409-1300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.06775 par value	MIK	Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Long-Term Cash Incentive Awards

On April 8, 2020, The Michaels Companies, Inc. (the “Company”) granted long-term cash incentive awards (the “Awards”) with respect to performance for fiscal year 2020 to Vidya Jwala, Chief Customer Officer, J. Robert Koch, Executive Vice President – Stores and Development, and James E. Sullivan, Senior Vice President – Chief Accounting Officer and Controller. The Awards are eligible to vest and be paid out in four equal annual installments beginning on the first anniversary of the date of grant subject to the achievement of specified performance goals in fiscal year 2020. The Company’s board of directors (the “Board”) will establish such performance goals on or before August 1, 2020. If the performance criteria are met and Mr. Jwala, Mr. Koch and Mr. Sullivan remain employed by the Company through each time-vesting date, they will receive an aggregate of \$640,000, \$440,000 and \$268,000, respectively, pursuant to the Awards.

The Company will disclose the performance goals under the Awards in an amendment to this Current Report on Form 8-K once such goals have been established by the Board.

The foregoing description of the Awards does not purport to be complete and is qualified in its entirety by the text of the Long-Term Cash Incentive Award Agreements entered into between the Company and each of Mr. Jwala, Mr. Koch and Mr. Sullivan, the form of which is filed as Exhibit 10.1.

Mark Cosby Letter Agreement

On April 9, 2020, the Company entered into a Letter Agreement with Mark Cosby (the “Letter Agreement”), pursuant to which he will continue to remain employed full-time by the Company in the role of Senior Advisor to the Company. Mr. Cosby served as the Company’s Chief Executive Officer until April 1, 2020. He will also remain on the Board and be eligible to receive compensation under the Company’s director compensation policy, as in effect from time to time, provided that Mr. Cosby will not be eligible to receive any annual equity incentive awards for his services as director until fiscal 2021. Under the terms of the Letter Agreement, which is effective as of April 1, 2020, the Company will pay Mr. Cosby an annual base salary of \$450,000. Additionally, Mr. Cosby will be entitled to a bonus for fiscal year 2020 equal to \$330,000, pro rated for the number of days that Mr. Cosby serves as Senior Advisor through the end of fiscal year 2020. Upon Mr. Cosby’s termination of service as Senior Advisor, other than for cause, and subject to his signing a release of claims and electing COBRA coverage, Mr. Cosby will be eligible to receive a monthly payment amount from the Company to subsidize his COBRA during the coverage period. The employment agreement between the Company and Mr. Cosby, which was originally entered into on February 28, 2019 and amended on October 21, 2019 and December 26, 2019, and his outstanding incentive equity awards will remain in effect, except that his service as Chief Executive Officer will terminate for all relevant purposes under such agreements. In addition, Mr. Cosby’s Amended & Restated Non-Statutory Stock Option Agreement, amended and restated on December 26, 2019, was amended to provide that Mr. Cosby’s post-termination exercise period will commence upon his ceasing to serve as Senior Advisor to the Company.

The foregoing description of the Letter Agreement does not purport to be complete and is qualified in its entirety by the text of the Letter Agreement, which is attached hereto as Exhibit 10.2.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
10.1	Form of Long-Term Cash Incentive Award Agreement
10.2	Letter Agreement, effective April 1, 2020, by and between Mark Cosby and The Michaels Companies, Inc.
104	Cover Page Interactive Data File (embedded within the inline XBRL document)

SIGNATURE

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 hereunto duly authorized.

THE MICHAELS COMPANIES, INC.

By: /s/ Tim Cheatham
Tim Cheatham
Executive Vice President, General Counsel and Secretary

Date: April 14, 2020

Name:	●
Cash Bonus Amount:	\$(●)
Date of Grant:	●

The Michaels Companies, Inc.

Long-Term Cash Incentive Award Agreement

This agreement (this "Agreement") evidences the grant of a long-term cash incentive award by The Michaels Companies, Inc. (the "Company") to the individual named above (the "Grantee").

1. Grant of Award. The Company hereby grants to the Grantee on the date of grant set forth above (the "Date of Grant") an award (the "Award") consisting of the right to receive, on the terms provided herein, a cash bonus equal to the amount set forth above (the "Award").

2. Meaning of Certain Terms. Each initially capitalized term used but not separately defined herein has the meaning assigned to such term in The Michaels Companies, Inc. 2014 Omnibus Long-Term Incentive Plan (as amended from time to time, the "Plan").

3. Vesting. The term "vest" as used herein with respect to any portion of the Award means the lapsing of the performance- and time-based restrictions described herein. Unless earlier terminated, forfeited, relinquished or expired, the Award shall vest as follows, provided in each case that the Grantee has remained in continuous Employment from the Date of Grant through the applicable vesting date:

[INSERT VESTING CRITERIA]

4. Forfeiture Risk. If the Grantee's Employment ceases for any reason, including death, any then outstanding and unvested portion of the Award.

5. Payment. The Company or Michaels Stores, Inc. shall deliver to the Grantee as soon as practicable following the time vesting of any portion of the Award, but in all events no later than thirty (30) days following such time-vesting date, a cash payment equal to the vested portion of the Award, subject to the terms of the Plan and this Agreement.

6. Relationship to and Incorporation of the Plan. The Award shall be subject to and governed by, and shall be construed and administered in accordance with, the terms and conditions of the Plan, which terms and conditions are incorporated herein by reference. Notwithstanding the foregoing, the Award is not granted under the Plan and the grant of the Award shall have no effect on the number of shares of Stock available for issuance under awards pursuant to the Plan. By accepting the Award, the Awardee agrees to be bound by the terms and conditions set forth in this Agreement and the Plan.

7. Nontransferability. The Award may not be transferred.

8. Certain Tax Matters. The Awardee expressly acknowledges and agrees that the Awardee's rights to receive any amounts payable hereunder will be reduced by such amounts as are required to satisfy withholding of all federal, state, local or other taxes required to be withheld, if any. Neither the Company nor any of its subsidiaries makes any representation to the Awardee, by way of this Agreement or otherwise, with respect to the tax treatment of the Award granted hereunder.

9. Forfeiture/Recovery of Compensation. By accepting the Award, the Grantee expressly acknowledges and agrees that his or her rights under the Award are subject to Section 6(a)(5) of the Plan (including any successor provision) and Section 10 of this Agreement. Nothing in the preceding sentence shall be construed as limiting the general application of Section 12 of this Agreement.

10. Non-Competition/Non-Solicitation. The Grantee hereby acknowledges that the Company and its Affiliates have invested and continue to invest considerable resources in developing Company Information (as defined below) and trade secrets, and in establishing and maintaining relationships with customers, employees, and vendors. The Grantee hereby further acknowledges that the Award is being furnished to the Grantee as good and valuable consideration, among other consideration, in exchange for the below covenants, which are necessary to protect the Company Information, trade secrets, and goodwill of the Company and its Affiliates:

- (a) Non-Competition. The Grantee covenants and agrees that during the Grantee's Employment and for a period of twelve (12) months (and such period shall be tolled on a day-to-day basis for each day during which the Grantee participates in any activity in violation of the restrictions set forth in this Section 10(a)) following the termination of the Grantee's Employment, whether such termination occurs at the insistence of the Company or its Affiliates or the Grantee (for whatever reason), the Grantee will not, directly or indirectly, alone or in association with others, anywhere in the Territory (as defined below), own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, investor, principal, joint venturer, shareholder, partner, director, consultant, agent or otherwise with, or have any financial interest (through stock or other equity ownership, investment of capital, the lending of money or otherwise) in, any business, venture or activity that directly or indirectly competes, or is in planning, or has undertaken any preparation, to compete, with the Business of the Company or any of its Immediate Affiliates (any Person who engages in any such business venture or activity, a "Competitor"), except that nothing contained in this Section 10(a) shall prevent the Grantee's wholly passive ownership of two percent (2%) or less of the equity securities of any Competitor that is a publicly-traded company. For purposes of this Section 10(a), the "Business of the Company or any of its Immediate Affiliates" is that of arts and crafts, or framing specialty retailer or wholesaler providing materials, ideas and education for creative activities, or framing, as well as any other business that the Company or any of its Immediate Affiliates conducts or is actively planning to conduct at any time during the Grantee's Employment, or with respect to the Grantee's obligations following the termination of the Grantee's Employment the twelve (12) months immediately preceding the termination of the Grantee's Employment; provided, that the term "Competitor" shall not include any business, venture or activity whose gross receipts derived from the retail or wholesale sale of arts and crafts, or framing products and services (aggregated with the gross receipts derived from the retail and wholesale sale of such products or any related business, venture or activity) are less than ten percent (10%) of the aggregate gross receipts of such businesses, ventures or activities. For purposes of this Section 10(a), the "Territory" is comprised of those states within the United States, those provinces of Canada, and any other geographic area in which the Company or any of its Immediate Affiliates was doing business or actively planning to do business at any time during the Grantee's Employment, or with respect to the Grantee's obligations following his or her termination of Employment the twelve (12) months immediately preceding the termination of the Grantee's Employment. For purposes of this Section, "Immediate Affiliates" means those Affiliates which are one of the following: (i) a direct or indirect subsidiary of the Company, (ii) a parent to the Company or (iii) a direct or indirect subsidiary of such a parent.
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- (b) *Non-Solicitation.* The Grantee covenants and agrees that during the Grantee's Employment and for a period of twelve (12) months (and such period shall be tolled on a day-to-day basis for each day during which the Grantee participates in any activity in violation of the restrictions set forth in this Section 10(b)) after the termination of the Grantee's Employment, whether such termination occurs at the insistence of the Company or the Grantee (for whatever reason), the Grantee shall not, and shall not assist any other Person to, (i) hire or solicit for hire any employee of the Company or any of its Immediate Affiliates or seek to persuade any employee of the Company or any of its Immediate Affiliates to discontinue employment or (ii) solicit or encourage any independent contractor providing services to the Company or any of its Immediate Affiliates to terminate or diminish its relationship with them; provided, however, that after termination of the Grantee's Employment, these restrictions shall apply only with respect to employees of, and independent contractors providing services to, the Company or any of its Immediate Affiliates who were such on the date that the Grantee's Employment terminated or at any time during the nine (9) months immediately preceding such termination date.
- (c) *Goodwill and Company Information.* The Grantee acknowledges the importance to the Company and its Affiliates of protecting their legitimate business interests, including without limitation the valuable Company Information and goodwill that they have developed or acquired at considerable expense. The Grantee acknowledges and agrees that in the course of the Grantee's Employment, the Grantee has acquired: (i) confidential information including without limitation information received by the Company (or any of its Affiliates) from third parties, under confidential conditions, (ii) other technical, product, business, financial or development information from the Company (or any of its Affiliates), the use or disclosure of which reasonably might be construed to be contrary to the interest of the Company (or any of its Affiliates), or (iii) any other proprietary information or data, including but not limited to identities, responsibilities, contact information, performance and/or compensation levels of employees, costs and methods of doing business, systems, processes, computer hardware and software, compilations of information, third-party IT service providers and other Company or its Affiliates' vendors, records, sales reports, sales procedures, financial information, customer requirements and confidential negotiated terms, pricing techniques, customer lists, price lists, information about past, present, pending and/or planned Company or its Affiliates' transactions not publicly disclosed and other confidential information which the Grantee may have acquired during the Grantee's Employment (hereafter collectively referred to as "Company Information") which are owned by the Company or its Affiliates and regularly used in the operation of its business, and as to which precautions are taken to prevent dissemination to persons other than certain directors, officers and employees and if disclosed, would assist in competition against the Company or any of its Affiliates. The Grantee understands and agrees that such Company Information was and will be disclosed to the Grantee in confidence and for use only in performing work for the Company or its Affiliates. The Grantee understands and agrees that the Grantee: (x) will keep such Company Information confidential at all times, (y) will not disclose or communicate Company Information to any third party, and (z) will not make use of Company Information on the Grantee's own behalf, or on behalf of any third party. In view of the nature of the Grantee's Employment and the nature of Company Information the Grantee receives during the course of the Grantee's Employment, the Grantee agrees that any unauthorized disclosure to third parties of Company Information would cause irreparable damage to the confidential or trade secret status of Company Information. The Grantee further acknowledges and agrees that the restrictions on his or her activities set forth above are necessary to protect the goodwill, Company Information and other legitimate interests of the Company and its Affiliates and that the Grantee's acceptance of these restrictions is a condition of receipt of the Award, to which the Grantee would not otherwise be entitled, and the Award is good and sufficient consideration to support the Grantee's agreement to and compliance with these covenants.
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(d) *Remedies.* In the event of a breach or threatened breach by the Grantee of any of the covenants contained in Section 10(a), 10(b) or 10(c):

- (i) the Grantee hereby consents and agrees that the Award shall automatically be forfeited effective as of the date of such breach or threatened breach, unless sooner terminated by operation of another term or condition of this Agreement or the Plan;
 - (ii) the Grantee hereby consents and agrees that if the Grantee has received any cash payments under the Award within twelve (12) months prior to the date of such breach or threatened breach, the Grantee shall pay to the Company the gross amount (i.e., pre-tax) amount paid to the Grantee; and
 - (iii) the Grantee hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.
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(e) *General.* The Grantee agrees that the above restrictive covenants are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Agreement for whatever reason. The Company and the Grantee agree that any invalidity or unenforceability of any one or more of such restrictions on competition shall not render invalid or unenforceable any remaining restrictive covenants. Should a court of competent jurisdiction determine that the scope of any provision of this Section 10 is too broad to be enforced as written, the Company and the Grantee intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.

11. Governing Law. Notwithstanding anything to the contrary in the Plan, Section 10 of this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction, except where preempted by federal law. Both parties hereby acknowledge and reaffirm the Mutual Agreement to Resolve and Arbitrate Claims, which is hereby incorporated by reference and which the parties agree must be utilized for all questions, controversies, or claims arising out of or pertaining to this Agreement.

12. Acknowledgments. By accepting the Award, the Grantee agrees to be bound by, and agrees that the Award is subject in all respects to, the terms of the Plan. The Grantee further acknowledges and agrees that (a) the signature to this Agreement on behalf of the Company is an electronic signature that will be treated as an original signature for all purposes hereunder, and (b) such electronic signature will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

[The remainder of this page is intentionally left blank]

Executed as of the ____ day of [●], [●].

Company:

THE MICHAELS COMPANIES, INC.

By: _____

Name: _____

Title: _____

Grantee:

Name: _____

Address: _____

April 9, 2020

Mark Cosby

Dear Mark:

We are pleased to confirm the terms and conditions of your continued employment with Michaels Stores, Inc. (the "Company"), as set forth in this letter agreement (this "Agreement"). This Agreement is made and entered into and effective as of the date hereof (the "Effective Date"), subject to approval by the board of directors (the "Board") of The Michaels Companies, Inc. ("Parent").

1. Positions.

(a) Effective as of April 1, 2020 (the "Transition Date"), you will be employed by the Company, on a full-time basis, as a Senior Advisor to the Company. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you from time to time by the Chief Executive Officer of the Company. While employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them. For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

(b) In addition, you will continue to serve as a director and/or officer of Parent, the Company, and any of its Affiliates if so elected or appointed from time to time for the remainder of your term as director and/or officer, unless the Board requests your resignation, which you agree to provide. Your compensation for your service on the Board following the Effective Date will be in accordance with the director compensation policy of Parent, as in effect from time to time; provided, however, that the earliest that you would be eligible to receive any equity awards of Parent in respect of any post-employment service on the Board would be as part of Parent's regular annual grant practices for members of the Board in March/April 2021.

2. Term of Employment. Your employment hereunder will be at-will. Either you or the Company may terminate your employment hereunder at any time upon fifteen (15) days' written notice; provided, however, that the Company may terminate your employment at any time with no required notice for Cause. For purposes of this Agreement, "Cause" shall have the meaning set forth for such term in the 2014 Omnibus Long-Term Incentive Plan of Parent.

3. Base Salary. You will receive a base salary during the term of your employment hereunder at the rate of \$450,000 per year, payable in accordance with the Company's regular payroll practices.

4. Cash Incentive Bonus. In consideration for your services hereunder, you will be entitled to a cash incentive bonus equal to \$330,000 (the "Cash Bonus"). Any portion of the Cash Bonus to which you may become entitled will be pro-rated based on the number of days that you served as Senior Advisor starting on the Effective Date and ending on the last day of fiscal 2020 and will be paid to you at the time bonuses are paid to employees of the Company generally under the Annual Incentive Plan. In the event your employment is terminated by the Company for Cause, you will not be entitled to any portion of the Cash Bonus.

5. Option Exercise Period. The definition of "Qualifying Termination" in Section 2(e) of the Amended & Restated Non-Statutory Stock Option Agreement, as amended and restated on December 26, 2019, evidencing a grant to you of 860,000 options to purchase Parent common stock on October 21, 2019, shall be revised in its entirety as follows:

"Qualifying Termination" means (i) a Qualifying Retirement or (ii) the termination of the Optionee's Employment as Senior Advisor to Michaels Stores, Inc. for any reason other than by the Company or Michaels Stores, Inc. for Cause (or in a circumstance where Cause exists).

6. Benefit Plans. You will be eligible to participate in employee benefit plans made available to employees of the Company generally from time to time, subject to plan terms, generally applicable Company policies, and applicable law. During the term of your employment hereunder, the Company shall pay for or reimburse you for all reasonable, customary and necessary business expenses incurred in the performance of your duties and responsibilities hereunder, including reasonable expenses related to travel between the Company's headquarters and Boston, Massachusetts in accordance with Company policy, as in effect from time to time, and subject to such reasonable substantiation and documentation as may be specified by the Company from time to time. Following the termination of your service with the Company hereunder, other than for Cause, subject to your timely electing continued coverage of your group medical and dental coverage under COBRA ("COBRA Coverage") and signing an effective release of claims in the form provided by the Company, the Company will pay you a monthly cash amount for so long as you continue to receive COBRA Coverage from the Company equal to (i) the Company-paid portion of the group medical and dental plan premiums for your (and your spouse's and dependents' coverage, as applicable) coverage immediately prior to your employment termination date, pro-rated for each payroll period, multiplied by (ii) 130%. The foregoing amounts shall be paid in accordance with the Company's regular payroll practices, commencing on the next regular payday that is at least five (5) business days following the effective date of the release of claims.

7. Prior Agreement. Your services as Chief Executive Officer pursuant to the employment letter agreement entered into by and between you, the Company, and Parent on February 28, 2019, as amended on October 21, 2019 and December 26, 2019 shall cease as of the Effective Date (the "Prior Agreement"). The Prior Agreement shall generally remain in effect; provided, however, that you shall cease to service as Chief Executive Officer for all relevant purposes under the Prior Agreement and all incentive equity awards of Parent that you hold. In the event of any express conflict between the terms and conditions of the Prior Agreement and this Agreement, this Agreement shall control.

By signing this Agreement, you give the Company and its Affiliates assurance that you have not relied on any agreements or representations, express or implied, with respect to your employment that are not set forth expressly in this Agreement.

[Signature page to follow.]

IN WITNESS WHEREOF, this Agreement has been executed by the Company, by its duly authorized representative, and by you, as of the date first above written.

MARK COSBY

THE COMPANY

/s/ Mark Cosby

By: /s/ Ashley Buchanan

Name: Ashley Buchanan

Title: Chief Executive Officer