

The Michaels Companies, Inc.
Reconciliation of GAAP basis to Adjusted operating income, Adjusted net income and Adjusted earnings per share
(Unaudited)

	13 Weeks Ended	
	May 5, 2018	April 29, 2017
<i>(In thousands, except per share)</i>		
Operating income	\$ 78,943	\$ 139,260
Add: Restructure charge and other (a)	47,195	—
Adjusted operating income	\$ 126,138	\$ 139,260
Net income	\$ 26,885	\$ 72,208
Add: Restructure charge and other (a)	47,195	—
Less: Tax adjustment for above add-backs (b)	(11,327)	—
Add: Tax reform – provisional adjustments of repatriation taxes (c)	8,107	—
Adjusted net income	\$ 70,860	\$ 72,208
Earnings per common share, diluted	\$ 0.15	\$ 0.38
Add: Restructure charge and other (a)	0.26	—
Less: Tax adjustment for above add-backs (b)	(0.06)	—
Add: Tax reform – provisional adjustments of repatriation taxes (c)	0.04	—
Adjusted earnings per common share, diluted	\$ 0.39	\$ 0.38

- (a) Excludes the restructure charge primarily related to the closure of substantially all of the Company's Aaron Brothers stores and \$0.3 million of operating income from the operation of Aaron Brothers (prior to closing) in the first quarter of fiscal 2018.
- (b) Adjusts for the tax impact of the restructure charge.
- (c) Excludes provisional adjustments related to repatriation taxes for accumulated earnings of foreign subsidiaries resulting from the enactment of the Tax Cuts and Jobs Act of 2017.