



Letter from the CEO

January 25, 2014

To Our Valued Michaels Customers:

As you may have read in the news, data security attacks against retailers have become a major topic of concern. We recently learned of possible fraudulent activity on some U.S. payment cards that had been used at Michaels, suggesting we may have experienced a data security attack.

We are working closely with federal law enforcement and are conducting an investigation with the help of third-party data security experts to establish the facts. Although the investigation is ongoing, based on the information we have received and in light of the widely-reported criminal efforts to penetrate the data systems of U.S. retailers, we believe it is appropriate to notify our customers that a potential issue may have occurred.

Throughout our 40-year history, our customers have always been our number one priority and we deeply regret any inconvenience this may cause. The privacy and security of our customers' information is of critical importance to us and we are focused on addressing this issue.

We recommend that you remain vigilant by reviewing your account statements for unauthorized charges. If you believe your payment card may have been affected, you should immediately contact your bank or card issuer. If we find as part of our investigation that any of our customers were affected, we will offer identity protection and credit monitoring services to them at no cost.

We will provide updates on our website (www.michaels.com) as our investigation continues. In the meantime, if you have any questions, please call us toll-free at 1- 877-412-7145. Representatives will be available to answer questions beginning Sunday January 26, 2014, with operating hours Monday through Saturday from 8:00 a.m. CST to 11:00 p.m. CST and Sunday from 8:00 a.m. CST to 8:00 p.m. CST.

We apologize and truly regret any concern this may cause you.

Sincerely,

Chuck Rubin
CEO, Michaels Stores