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NEWS RELEASE
FOR IMMEDIATE RELEASE

Michaels Commences Tender Offer and Consent Solicitation for its 10% Senior Notes Due 2014; Announces Other Recent Developments

Irving, Texas (October 6, 2010) – Michaels Stores, Inc. today announced that it is commencing a tender offer to purchase any and all of its outstanding $750 million in aggregate principal amount of 10% Senior Notes due 2014 (the "2014 Notes") through a cash tender offer (the "Tender Offer"). If the Tender Offer is consummated, the Company expects to incur debt retirement costs in the third quarter of 2010 related to the write-off of deferred financing costs and other related expenses with respect to the purchase of the 2014 Notes.

In connection with the Tender Offer, Michaels is also soliciting the consents of holders of the 2014 Notes to certain proposed amendments to the indenture governing the 2014 Notes (the "Consent Solicitation"). The primary purpose of the Consent Solicitation and proposed amendments is to eliminate substantially all of the restrictive covenants and certain events of default from the indenture.

The Tender Offer will expire at 12:01 a.m. Eastern time on November 4, 2010 (the "Expiration Date"). Under the terms of the Tender Offer, holders of the 2014 Notes who validly tender and do not validly withdraw their 2014 Notes and consents prior to 5:00 p.m. Eastern time on October 20, 2010, such time and date which may be extended (the "Consent Date"), will receive the total consideration of $1,052.50 per $1,000 principal amount of 2014 Notes, which is equal to the "tender consideration" of $1,022.50 plus the "consent payment" of $30.00. Holders of the 2014 Notes who validly tender and do not validly withdraw their 2014 Notes and consents after the Consent Date, but prior to the Expiration Date, will receive the tender consideration, but not the consent payment. In both cases, holders whose 2014 Notes are purchased in the Tender Offer will also be paid accrued and unpaid interest from the most recent interest payment date on the 2014 Notes to, but not including, the applicable settlement date. We intend to redeem any 2014 Notes that remain outstanding after the expiration of the Tender Offer in accordance with the terms of the indenture governing the 2014 Notes. This press release does not constitute a notice of redemption under the optional redemption provision of the indenture governing the 2014 Notes.

The Tender Offer is contingent upon the satisfaction of certain conditions, including (a) the receipt by the Company of at least $750 million in gross proceeds from a capital markets transaction and (b) the receipt of requisite consents in order to adopt the proposed amendments to the indenture governing the 2014 Notes. If any of the conditions are not satisfied, Michaels is not obligated to accept for payment, purchase or pay for, and may delay the acceptance for payment of, any tendered 2014 Notes and may even terminate the Tender Offer. Full details of the terms and conditions of the Tender Offer and Consent Solicitation are included in Michaels' offer to purchase and consent solicitation, dated October 6, 2010.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy, any security. No offer, solicitation, or sale will be made in any jurisdiction in which such an offer, solicitation, or sale would be unlawful.

Requests for documents may be directed to D.F. King & Co., Inc., the Information Agent, at 800-269-6427 or 212-269-5550.

Deutsche Bank Securities, Inc. will act as Dealer Manager for the Tender Offer and Solicitation Agent for the Consent Solicitation. Questions regarding the Tender Offer and Consent Solicitation may be directed to Deutsche Bank Securities Inc. at (212) 250-6429 (call collect).

Recent Developments

Net sales for the five-week period ending October 2, 2010 were $382 million, a 2.9% increase over last year's net sales for the comparable period of $371 million. Same-store sales for the same period increased 1.7% due to a 2.1% increase in transactions, partially offset by a 0.1% decrease in the average ticket and a negative 0.3% impact from deferred custom framing revenue. Canadian currency translation positively affected same-store sales for the period by approximately 40 basis points.

Net sales for the eight months ending October 2, 2010 increased 4.0% to $2,366 million from $2,274 million for the comparable period last fiscal year. Same-store sales increased 3.2% over the comparable period a year ago on a 1.8% increase in average ticket and a 1.4% increase in transactions. Canadian currency translation positively affected same-store sales for the year-to-date by approximately 100 basis points.

On October 1, 2010, the Company elected to permanently terminate $202 million of commitments from the Non-Extending Lenders under the existing asset-based revolving credit facility previously set to expire on October 31, 2011. The $850 million of the tranche A commitments and $50 million of the FILO commitments of the Amended Asset-based revolving credit facility remain unaffected.

The Company plans to release its third quarter earnings results on Thursday, November 18, 2010, and will conduct a conference call at 4:00 p.m. CT on that date. Those who wish to participate in the call may do so by dialing 973-935-8513, conference ID# 50927504. Any interested party will also have the opportunity to access the call via the internet at www.michaels.com. To listen to the live call, please go to the website at least fifteen minutes early to register and download any necessary audio software. For those who cannot listen to the live broadcast, a recording will be available for 30 days after the date of the event. Recordings may be accessed at www.michaels.com or by phone at 973-341-3080, PIN# 50927504.

About Michaels Michaels Stores, Inc. is North America's largest specialty retailer of arts, crafts, framing, floral, wall décor and seasonal merchandise for the hobbyist and do-it-yourself home decorator. As of October 2, 2010, the Company owns and operates 1,041 Michaels stores in 49 states and Canada, and 142 Aaron Brothers stores.

This news release may contain forward-looking statements that reflect our plans, estimates and beliefs. Any statements contained herein (including, but not limited to, statements to the effect that the Company or its management "anticipates," "plans," "estimates," "expects," "believes" and other similar expressions) that are not statements of historical fact should be considered forward-looking statements and should be read in conjunction with our consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended January 30, 2010 and in our Quarterly Reports on Form 10-Q for the quarters ended May 1, 2010 and July 31, 2010. Specific examples of forward-looking statements include, but are not limited to, forecasts of same-store sales growth, operating income and forecasts of other financial performance. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to materially differ from such statements. Such risks, uncertainties and other factors include, but are not necessarily limited to: the impact on our results of operations, cash flows and financial condition if worldwide economic conditions deteriorate further or if recovery from the downturn remains slow or prolonged; risks related to our substantial indebtedness; our debt agreements contain restrictions that limit our flexibility in operating our business; our growth depends on our ability to open new stores; our success will depend on how well we manage our business; changes in customer demand could materially adversely affect our sales, operating results and cash flow; unexpected or unfavorable consumer responses to our promotional or merchandising programs could materially adversely affect our sales, operating results and cash flow; changes in newspaper subscription rates may result in reduced exposure to our circular advertisements; improvements to our supply chain may not be fully successful; our suppliers may fail us; our reliance on foreign suppliers increases our risk of obtaining adequate, timely, and cost-effective product supplies; risks associated with the vendors from whom our products are sourced could materially adversely affect our revenue and gross profit; product recalls and/or product liability, as well as changes in product safety and other consumer protection laws, may adversely impact our operations, merchandise offering, reputation and financial position; significant increases in inflation or commodity prices such as petroleum, natural gas, electricity, steel and paper may adversely affect our costs, including cost of merchandise; we have co-sourced certain of our information technology, accounts payable, payroll, accounting and human resources functions and may co-source other administrative functions, which will make us more dependent upon third parties; our information systems may prove inadequate; we may fail to optimize or adequately maintain our perpetual inventory and automated replenishment systems; unauthorized access to our electronic and other confidential information could materially adversely affect our financial condition and operating results; changes in regulations may adversely impact our business; a weak fourth quarter would materially adversely affect our operating results; competition could negatively impact our operations; the interests of our controlling stockholders may conflict with the interests of our creditors; and other factors as set forth in our prior filings with the Securities and Exchange Commission, including those set forth under Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 30, 2010. We intend these forward-looking statements to speak only as of the time of this release and do not undertake to update or revise them as more information becomes available.