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MICHAELS REINVENTS PAPER-CRAFTING DEPARTMENT Debuts Exclusive Martha Stewart Crafts™ Line Among 4,000 New Products

DALLAS (May 3, 2007) – Michaels Stores, Inc., the largest specialty retailer of arts and crafts, today unveiled more than 4,000 new paper-crafting products – including an exclusive line of Martha Stewart Crafts™ items – in over 900 locations in the United States and Canada. The expansion of the department capitalizes on the growing \$30 billion national craft industry.

Michaels' innovative product assortment, customized service and educational classes inspire customers – from the novice to the most experienced. The company offers more than 40,000 products throughout its stores, including apparel crafts, bakeware, beading and jewelry making, fine art, floral, framing, general crafts, home décor, kids' crafts, paper crafts, seasonal crafts, wedding, and yarn and needle crafts.

“Our customers are constantly looking for the latest products and tools to satisfy their creative passion,” said David Abelman, senior vice president of marketing for Michaels. “These new products offer a unique level of quality, style and sophistication, delivered with the expertise that consumers expect from the Michaels brand. We're thrilled to offer our exclusive line of Martha Stewart Crafts and also are proud to introduce incredible new scrapbooking products by K&Company.”

A large number of Michaels' customers are avid scrapbookers, paper crafters or card makers, and this reinvention extends the company's commitment to providing an innovative selection. The new paper-crafting department offers merchandise for every gift giver, hostess and cropper with varieties of ribbons, stamps, albums, papers, embellishments and more.

Michaels recently revamped the colors and styles in its paper-crafting department, choosing palettes, textures and patterns based on trends, consumer demand and color forecasts. “Michaels' addition of new, rich, vibrant colors invites our customers to express themselves like never before,” said Harvey Kanter, executive vice president and chief merchant for Michaels. “Moving forward, we will update this section throughout the year – keeping up with customers' needs and wants.”

The paper-crafting department has been remerchandised according to themes, colors, sizes and price points to make shopping more enjoyable and easy. Additional educational classes and cropping events also have been added to the schedules.

Paving the way for the company's new direction, two leading global private-equity firms – Bain Capital and The Blackstone Group – acquired Michaels in October 2006. The paper-crafting expansion is the first of many significant changes in development under the new ownership's and existing management's direction. The extension of the paper-crafting department and the partnership with Martha Stewart Crafts coincides with Michaels' first-ever national marketing program, designed to inspire creativity under the ImagineSM themeline.

About Michaels Stores Inc.

Michaels Stores Inc. (michaels.com) is the largest specialty retailer of arts and crafts. With more than 900 stores in the United States and Canada, the company carries a wide selection of products in arts, crafts, framing, floral, home décor and seasonal merchandise. Michaels also operates specialty stores under different brand names including Aaron Brothers, Recollections and Star Decorators Wholesale.

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