



MICHAEL J. VEITENHEIMER
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January 27, 2014

New Hampshire Attorney General
Michael A. Delaney
33 Capitol Street
Concord, NH 03301

Dear Mr. Delaney:

In accordance with N.H. Rev. Stat. Ann. § 359-C:20, I am writing to notify you regarding the nature and circumstances of a potential data security issue.

Michaels Stores, Inc. ("Michaels") 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, including relevant dates and numbers of potentially affected individuals. 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. 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.

Attached for your reference is a copy of the substitute notice Michaels issued on January 25, 2014. If you have any questions, please do not hesitate to call me.

Very truly yours,

Michael J. Veitenheimer
SVP, General Counsel and Secretary

Enclosure



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

Additional Information

We encourage our customers to take the following steps:

Order Your Free Credit Report. To order your free credit report, visit www.annualcreditreport.com, call toll-free at 1-877-322-8228, or complete the Annual Credit Report Request Form on the U.S. Federal Trade Commission's ("FTC") website at www.ftc.gov and mail it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. The three credit bureaus provide free annual credit reports only through the website, toll-free number or request form.

We recommend that you remain vigilant by reviewing your credit reports. When you receive your credit report, review it carefully. Look for accounts you did not open. Look in the "inquiries" section for names of creditors from whom you haven't requested credit. Some companies bill under names other than their store or commercial names. The credit bureau will be able to tell you when that is the case. Look in the "personal information" section for any inaccuracies in your information (such as home address and Social Security number). If you see anything you do not understand, call the credit bureau at the telephone number on the report. Errors in this information may be a warning sign of possible identity theft. You should notify the credit bureaus of any inaccuracies in your report, whether due to error or fraud, as soon as possible so the information can be investigated and, if found to be in error, corrected. If there are accounts or charges you did not authorize, immediately notify the appropriate credit bureau by telephone and in writing. Credit bureau staff will review your report with you. If the information can't be explained, then you will need to call the creditors involved. Information that can't be explained also should be reported to your local police or sheriff's office because it may signal criminal activity.

Reporting Incidents. If you detect any incident of identity theft or fraud, promptly report the incident to law enforcement or your state Attorney General. If you believe your identity has been stolen, the FTC recommends that you take these additional steps:

- Close the accounts that you have confirmed or believe have been tampered with or opened fraudulently. Use the FTC's ID Theft Affidavit (available at www.ftc.gov/idtheft) when you dispute new unauthorized accounts.
- File a local police report. Obtain a copy of the police report and submit it to your creditors and any others that may require proof of the identity theft crime.

You can contact the FTC to learn more about how to protect yourself from becoming a victim of identity theft:

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/idtheft/

For Maryland Residents. You can obtain information from the Maryland Office of the Attorney General about steps you can take to avoid identity theft. You may contact the Maryland Attorney General at:

Maryland Office of the Attorney General
Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
(888) 743-0023 (toll-free in Maryland)
(410) 576-6300
www.oag.state.md.us

For Massachusetts Residents. The credit bureaus may charge you a fee of up to \$5 to place a security freeze on your account, and may require that you provide certain personal information (such as your name, Social Security number, date of birth, and address) and proper identification (such as a copy of a government-issued ID card and a bill or statement) prior to honoring your request. There is no charge, however, to place, lift or remove a security freeze if you provide the credit bureaus with a valid police report. You have the right to obtain a police report.

For North Carolina Residents. You can obtain information from the North Carolina Attorney General's Office about preventing identity theft. You can contact the North Carolina Attorney General at:

North Carolina Attorney General's Office
9001 Mail Service Center
Raleigh, NC 27699-9001
(877) 566-7226 (toll-free in North Carolina)
(919) 716-6400
www.ncdoj.gov