

THE MICHAELS COMPANIES, INC.

AUDIT COMMITTEE CHARTER

(as amended as of December 13, 2016)

Purposes

The purposes of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of The Michaels Companies, Inc. (the “Company”) are to assist the Board in fulfilling the Board’s oversight responsibilities with respect to:

- the integrity of the Company’s financial statements;
- the Company’s compliance with legal and regulatory requirements;
- the independent auditors’ qualifications and independence;
- the performance of the independent auditors;
- the performance of the Company’s internal audit function which reports to the Committee;
- the Company’s internal control over financial reporting;
- assessment of risk management; and
- deciding whether to appoint, retain or terminate the Company’s independent auditors and to pre-approve all audit, audit-related, tax and other services, if any, to be provided by the independent auditors.

The Committee shall also assist in the preparation of the Committee’s report, made pursuant to the Securities Exchange Act of 1934 and all rules promulgated thereunder (the “Exchange Act”), to be included in any annual proxy statement.

Composition of the Committee

Number and Independence. The Committee shall consist of no fewer than three members of the Board, all of whom must qualify as independent directors under the Company’s Corporate Governance Guidelines, the rules of the Securities and Exchange Commission (“SEC”), the listing standards of the The Nasdaq Stock Market and any other applicable regulatory requirements. No member of the Committee can have participated in the preparation of the Company’s or any of its subsidiaries’ financial statements at any time during the past three years.

Qualifications. All members of the Committee shall have a sufficient level of financial literacy. In addition, the Board shall designate at least one member of the Committee as the “audit committee financial expert.” The Board shall use its business judgment in determining the qualifications of Committee members.

Appointment and Removal. The Board appoints Committee members and appoints a Committee Chair from among those members. The Committee Chair shall be responsible for reporting the Committee's activities and decisions to the Board. Each Committee member shall serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member. The Board will make all determinations regarding satisfaction of the membership requirements described above and will review, at least annually, the Committee's compliance with such requirements.

Service on Multiple Audit Committees. Members may serve on no more than three separate public company audit committees simultaneously without prior review and determination by the Board that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

Meetings of the Committee

The Committee shall meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to comply with its responsibilities. The Committee Chair shall, in consultation with the other members of the Committee, the Company's independent auditors and the appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing agenda therefore and supervising the conduct thereof. Any Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Committee Chair or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the number of Committee members shall constitute a quorum for conducting business at a meeting of the Committee. A majority vote at a meeting where a quorum is present constitutes action of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting in accordance with the Company's Bylaws.

Duties and Responsibilities of the Committee

The Committee is responsible for overseeing the Company's accounting and financial reporting process and the audits of the financial statements of the Company on behalf of the Board. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's interim financial statements and internal controls.

In performing its responsibilities:

- The Committee shall directly (1) appoint, compensate, retain and oversee the work of an independent registered public accounting firm to act as the Company's independent auditors (including resolution of disagreements between management and the Company's independent auditors regarding financial reporting) and (2) consistent with any applicable SEC rules on auditor independence, pre-approve all audit engagements, fees, terms and services.

- The Committee shall pre-approve any non-audit and tax services to be provided by the Company's independent auditors or other registered public accounting firms.
- At least annually, or more often at its discretion, the Committee shall obtain, review and discuss a report by the Company's independent auditors describing (1) the audit firm's internal quality control procedures, (2) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board review or inspection, of the firm, or by an inquiry or investigation by governmental or professional authorities, within the past five years, regarding one or more independent audits carried out by the firm, and (3) any steps taken to deal with any such issues.
- The Committee shall review and discuss the information provided by management and the auditors relating to the independence of the audit firm.
- The Committee shall be responsible for (1) ensuring that the independent auditors submit at least annually to the Committee a formal written statement delineating all relationships between the auditors and the Company consistent with applicable independence standards, (2) actively engaging in a dialogue with the auditors with respect to any disclosed relationship or service that may impact the objectivity and independence of the auditors and obtain a formal written statement delineating such relationships, and (3) taking appropriate action in response to the auditors' report to satisfy itself of the auditors' independence.
- The Committee shall establish clear policies for the Company's hiring of employees or former employees of the independent auditor.
- The Committee shall review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including the adequacy of staffing and compensation to ensure the audit approach covers all financial statement areas where there is a risk of material misstatement and, following the audit, shall review the audit in regular and executive sessions, including any comments or recommendations of the independent auditors.
- The Committee shall meet to review and discuss with appropriate officers of the Company and the independent auditors the annual audited and quarterly financial statements of the Company, including management's significant accounting estimates and judgments made in connection with the same, any specific disclosures that may be required to be made by the Company under SEC rules and regulations regarding "Management's Discussion and Analysis of Financial Condition and Results of Operations," to be included in the Company's quarterly report on Form 10-Q and annual report on Form 10-K and recommend to the Board whether the audited financial statements should be included in any annual report on Form 10-K required to be filed by the Company with the SEC.
- The Committee shall review with the independent auditors and with management (1) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of generally

accepted accounting principles (“GAAP”) (including alternative applications of new GAAP methods), the ramifications of the use of such alternative applications and the applications preferred by the auditors; (2) any analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements; and (3) the effect of regulatory and accounting initiatives on the Company’s financial statements.

- The Committee shall review with the independent auditors, the internal auditor, and with Company management the adequacy and effectiveness of (1) internal auditing and (2) accounting and financial controls of the Company, including the Company’s policies and procedures to assess, monitor, control, and manage business risk.
- The Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding, or call into question the integrity of, the Company’s financial statements or accounting policies.
- The Committee shall review and discuss with appropriate officers of the Company and the independent auditors the disclosures regarding internal controls and other matters required to be reported to the Committee by Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and all rules promulgated thereunder by the SEC.
- At least once each year, the Committee shall meet with the independent auditors without members of management present. Discussion items in such meetings shall include the independent auditors’ evaluation of the Company’s financial, accounting and auditing personnel; any audit problems or difficulties and management’s response thereto, the level of cooperation the independent auditors received during the course of their audit; and any matters which might reasonably be expected to affect the autonomy of the independent auditors.
- The Committee shall meet with the Company’s management, the staff responsible for the internal audit function and the independent auditors periodically in separate private sessions to discuss any matter that the Committee believes should be discussed privately.
- At least once per year, the Committee shall meet without members of management present.
- The Committee shall engage in periodic discussions with management regarding the Company’s communications with analysts and rating agencies.
- The Committee shall review and discuss with the senior executive responsible for the internal audit function and appropriate members of his or her staff the plans for and the scope of their ongoing audit activities, including adequacy of staffing and compensation, and shall review the results of the audit procedures following their completion.
- The Committee shall oversee the integrity of the Company’s information technology systems, processes and data and periodically (but no less than annually), at its discretion, review and assess with management and the internal auditor (or other personnel

responsible for the internal audit function), the adequacy of security for the Company's information technology systems, processes and data and the Company's contingency plans in the event of a breakdown or security breach affecting the Company's information technology systems, and data or the information technology systems, processes and data of the Company's customers.

- The Committee shall assist the Board in fulfilling its oversight of the Company's risk management process including enterprise risk management.
- The Committee shall review with management and counsel, any legal matters that could have a material impact on the Company's financial statements and the Company's compliance with applicable laws and regulations, including reports received from regulators or governmental agencies.
- The Committee shall obtain assurance from the independent auditors that in the course of conducting the audit there have been no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the Committee under Section 10A(b) of the Exchange Act.
- The Committee shall periodically review and discuss reports from management, the Company's senior executive responsible for the internal audit function and the independent auditor confirming that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal matters and the Company's Code of Business Conduct and Ethics. The Committee shall review and discuss reports and disclosures of all insider and affiliated party transactions. The Committee shall advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics. The Committee also shall:
 - (1) at least annually, receive a presentation by management summarizing the Company's programs and control for compliance with legal and regulatory requirements; and
 - (2) review and discuss with management and the internal auditor (or other personnel responsible for the internal audit function) the Company's procedures and practices designed to provide reasonable assurance that: (1) the Company's books, records, accounts and internal controls are established and maintained in compliance with the Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and similar laws and regulations to which the Company is subject, and (2) there are adequate company level controls in place to prevent or detect (A) any improper or illegal disbursement of corporate funds or property of value or (B) the making of any arrangement on behalf of the Company which may provide for or result in the improper or illegal disbursement of funds or property of value, in order that the Company be in compliance with such laws and regulations.
- The Committee shall establish and oversee procedures for (1) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls

or auditing matters, and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- The Audit Committee shall review, discuss, and assess its performance as well as its role and responsibilities at least annually.
- The Committee shall reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

Resources and Authority of the Committee

In discharging its oversight role, the Committee shall have access to any officer or employee of the Company or the Company's outside legal counsel or independent auditors at meetings or otherwise, or meet with any member, consultant or retained expert of the Committee. The Committee shall have the resources and authority appropriate, in the Committee's discretion, to discharge its responsibilities and carry out its duties as required by law, including access to all books, records, facilities and personnel of the Company and the authority to engage outside auditors for special audits, reviews and other procedures and to engage independent counsel and other advisors, experts or consultants. In addition, by adoption of this Charter, the Board authorizes funding for the Committee appropriate, in the Committee's discretion, for the discharge of the Committee's functions and responsibilities, including for payment of (1) compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (2) compensation to any counsel, advisor, expert or consultant employed by the Committee, and (3) ordinary administrative expenses of the Committee. The Committee shall communicate its expectations and the nature, timing, and extent of its information needs to management, internal audit staff (or other personnel responsible for the internal audit function), and external parties, including the independent auditor. Written materials, including key performance indicators and measures related to key business and financial risks, shall be received from management, auditors, and others sufficiently in advance of meeting dates to give members of the Committee adequate time to review such materials.

Limitation

The Committee serves a board-level oversight role, in which it provides advice, counsel and direction to management, internal audit, and the independent registered public accountants based on the information it receives and the discussions it has with management, internal audit, and the independent registered public accountants. The Committee is not responsible for planning or conducting audits of the Company's financial statements. Furthermore, the Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accountants.