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THE MICHAELS COMPANIES

# Michaels Announces Co-Sourcing Agreement

IRVING, Texas, Jan. 26 /PRNewswire/ -- Irving-based Michaels Stores, Inc. announces it has reached an agreement with Tata Consultancy Services (TCS), (BSE: TCS.BO, NSE: TCS.NS) to co-source various functions, initially including portions of the retailer's Information Technology, Information Services and Accounts Payable functions.

"Our goal in 2009 is to focus our time, resources and people on our core competencies that have made us the world's largest arts and crafts specialty retailer," said Michaels CEO Brian C. Cornell. "By allowing TCS, a leading IT services and business solutions provider, to handle functions not directly related to our core retail competencies, we can move forward toward that goal."

The move is the result of the Company's ongoing strategic analysis of its organizational and business practices to allow the arts and crafts retailer to continue to grow and strengthen despite the recession. Just under 200 jobs will be co-sourced, and another 95 positions will be eliminated over the next 90 to 120 days. Michaels will offer affected employees outplacement services, severance and in some cases, other positions within the Company.

"We are in solid operational shape, with adequate liquidity, and we want to build on that foundation to weather current and future economic conditions while remaining the leader in our category," said Cornell. "Our current strategic initiatives are moving us in the right direction, and we know that now is a good time to examine our business and make decisions from a position of strength and stability."

For more information go to [www.michaels.com](http://www.michaels.com).

## *About Michaels*

Michaels Stores, Inc. is North America's largest specialty retailer of arts, crafts, framing, floral, wall decor, and seasonal merchandise for the hobbyist and do-it-yourself home decorator. The company currently owns and operates more than 1000 Michaels stores in 49 states and Canada and 161 Aaron Brothers stores.

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SOURCE Michaels Stores, Inc.