



MICHAEL J. VEITENHEIMER
SVP, Secretary & General Counsel
Direct Dial: 972-409-1655
Telecopier: 972-409-1965
veitenhm@michaels.com

January 31, 2014

The Honorable Patrick Leahy
Chairman
Senate Committee on the Judiciary
221 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Leahy:

Thank you for your invitation to Michaels Stores, Inc. to testify on February 4, 2014 at the Senate Judiciary Committee hearing on "Privacy in the Digital Age: Preventing Data Breaches and Combating Cybercrime." I am writing to respectfully decline your invitation.

As you are aware, on January 25, 2014, Michaels issued a press release and posted a letter on our corporate website from our CEO Chuck Rubin to Michaels customers. In this letter, we noted that Michaels recently learned of possible fraudulent activity on some U.S. payment cards that had been used at our stores, suggesting that we may have experienced a data security attack. We took this action in the interest of consumer protection and in the context of great public attention to data security attacks against other retailers. Immediately, upon knowledge of this possible fraudulent activity, we began working closely with federal law enforcement officials, and we continue to do so. Additionally, we are conducting an investigation with the assistance of third-party data security experts to establish all of the facts. At this time, the investigation of this matter is ongoing and will not be completed by the date of your Committee hearing. Therefore, we are unable to testify about this matter.

Our first priority is our customers, and we are committed to protecting the safety and integrity of their privacy and data. The topic of your hearing is one we take very seriously at Michaels, and for that reason it is imperative that a full and fair investigation of this matter be completed before further comment. Additionally, we appreciate that your constituents in Vermont are also our customers. Their privacy and security is of critical importance to us, and we will continue to address this issue with vigilance. When a full investigation of this matter is concluded, we will appropriately inform you of relevant information in our findings.

Thank you again for your invitation, and I look forward to working with you in the future.

Sincerely,

Michael J. Veitenheimer