

**WEIL, GOTSHAL & MANGES LLP**

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 WASHINGTON, D.C.

BRUCE A. COLBATH  
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October 5, 2007

**BY FEDERAL EXPRESS**

Attorney General of the State of New Hampshire  
 Attn: Consumer Protection & Advocacy Department  
 33 Capitol Street  
 Concord, NH 03301

Dear Sir or Madam:

We represent Daymon Worldwide Inc. ("Daymon"). Pursuant to N.H. Rev. Stat. 359-C:20, this letter is intended to notify you of an instance of unauthorized access to computer files maintained by Daymon.

Specifically, on September 10, 2007 Kevin Conran, a Daymon employee was accessing files stored on Daymon's file servers and inadvertently accessed a folder relating to employee stock option plans that contained potentially sensitive and personally identifiable information. (A copy of a page of this record (redacted) is attached as Exhibit A hereto.) Mr. Conran immediately reported the unsecured files to his superior, Pam Boynton, who immediately took steps to secure the files to prevent any other unauthorized access to this information by other individuals. (A copy of the Declaration of Kevin Conran is attached as Exhibit B).

Daymon immediately undertook an exhaustive investigation into the cause of the condition allowing the unauthorized access, and believes that access to the files in question had been restricted to two employees in Daymon's Payroll Department. A decision was made to allow access to two other employees for business purposes, additional coverage for the administration of the stock option plan. Daymon's investigation indicates that in expanding access to these files, all access restrictions were inadvertently removed. Daymon's investigation has indicated that it has no reason to believe that anyone else had unauthorized access to this information and has found no evidence that it was used improperly. Nor is there any evidence that any of the

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Page 2

information involved was downloaded, copied or accessed by the public. (At all times it remained inaccessible to anyone that could not access Daymon's internal network.) Daymon's investigation has uncovered no evidence that the information was used by any unauthorized person, nor have there been any reports of suspected identity theft.

To correct and prevent any future incidents of this type, default user access rights to none. Each folder containing the type of information involved in this situation now requires explicit user access rights that are authorized by the department head. Daymon has also put in place an audit program for its processes used in creating shared folders and in granting access rights to Daymon employees.

Daymon estimates that information of approximately 1,416 employees was involved. Notification of the unauthorized access was provided to the affected employees on October 5, 2007. A copy of the notification is attached as Exhibit C.

You can refer any questions to:

Brian R. Benson  
Chief Financial Officer  
Daymon Worldwide  
700 Fairfield Ave.  
Stamford, CT 06902  
Direct Line: 203-352-7906  
Direct Fax: 203-276-3507  
Email: [bbenson@daymon.com](mailto:bbenson@daymon.com)

or

Bruce A. Colbath  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, N.Y. 10153  
Tel. 212-310-8590  
Fax 212-310-8007  
Email: [bruce.colbath@weil.com](mailto:bruce.colbath@weil.com)

Sincerely,



Bruce A. Colbath

**Exhibit A**

Allocation Summary for all Participants in the  
Dayton Associates, Inc.  
Employee Stock Ownership Plan

Page 1  
Time 14:21:08  
Date 07/30/07

Starting Balance 1/01/96	Contrib. For Period	Forfeitures For Period	Ergs/Div For Period	Withdrawals For Period	Transfers For Period	Stock Allocation	Ending Balance 12/31/96	Vested Balance
0.00	0.00	0.00	2,815.66	0.00	0.00	0.00	6,435.64	6,435.64
5,444.2839	0.00	0.00	0.00	0.00	0.00	0.00	5,444.2839	5,444.2839
58,773.16	0.00	0.00	0.00	0.00	0.00	0.00	58,773.16	58,773.16
Ending Market Value of Shares Plus Total Cash: 5,444.2839 X 12.4900 + 6,435.64 =							74,434.74	74,434.74

DOB: [REDACTED] DOB: 7/21/96 DOP: 1/01/02 HOURS CODE: 1

TERMINATED  
PAY \$ 0.00  
5.58YRS 100.00%

REGULAR ESOP ACCOUNT

Cash Account 3,619.98  
Stock Account 5,444.2839  
Cost Account 58,773.16

Ending Market Value of Shares Plus Total Cash: 5,444.2839 X 12.4900 + 6,435.64 =

Starting Balance 1/01/96	Contrib. For Period	Forfeitures For Period	Ergs/Div For Period	Withdrawals For Period	Transfers For Period	Stock Allocation	Ending Balance 12/31/96	Vested Balance
0.00	0.00	0.00	694.54	0.00	0.00	0.00	0.00	0.00
1,363.1116	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14,974.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Market Value of Shares Plus Total Cash: 0.0000 X 12.4900 + 0.00 =							0.00	0.00

TERMINATED  
PAY \$ 0.00  
4.78YRS 0.00%

REGULAR ESOP ACCOUNT

Cash Account 533.88  
Stock Account 1,363.1116  
Cost Account 14,974.62

Ending Market Value of Shares Plus Total Cash: 0.0000 X 12.4900 + 0.00 =

Starting Balance 1/01/96	Contrib. For Period	Forfeitures For Period	Ergs/Div For Period	Withdrawals For Period	Transfers For Period	Stock Allocation	Ending Balance 12/31/96	Vested Balance
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4,755.3204	0.00	0.00	0.00	0.00	0.00	0.00	4,755.3204	4,755.3204
51,642.68	0.00	0.00	0.00	0.00	0.00	0.00	51,642.68	51,642.68
Ending Market Value of Shares Plus Total Cash: 4,755.3204 X 12.4900 + 0.00 =							59,393.95	59,393.95

TERMINATED  
PAY \$ 0.00  
5.308YRS 100.00%

EMPLOYER PHANTOM STOCK ACCOUNT

Cash Account 0.00  
Stock Account 4,755.3204  
Cost Account 51,642.68

Ending Market Value of Shares Plus Total Cash: 4,755.3204 X 12.4900 + 0.00 =

**Exhibit B**

### Declaration of Kevin Conran

I, Kevin Conran, declares and states as follows:

1. I have been an Associate at Daymon Worldwide Inc. ("Daymon") since May 10, 2004.
2. On December 21, 2004, I signed a Confidentiality Agreement with Daymon. A true and correct copy of this Confidentiality Agreement is attached as Exhibit A.
3. In this Confidentiality Agreement, I agreed to "maintain Confidential Information ... in confidence and neither disclose to others (nor cause to be disclosed) nor use personally (nor cause to be used) such Confidential Information." The definition of Confidential Information include "nonpublic or otherwise confidential, sensitive or proprietary information."
4. On September 10, 2007, while accessing a server for business purposes, I inadvertently accessed a folder that contained sensitive and personally identifiable information about Daymon employees.
5. I did not either make copies of or download the information contained in the files in the folder or otherwise publicly disclose the information.
6. I promptly notified my supervisor, Pam Boynton, so that Daymon could immediately take steps to re-establish the security of that information to prevent any other unauthorized access to this information by other individuals.

I declare under penalty of perjury that the foregoing is true and correct.

Executed in San Antonio TX on October 7, 2007.

  
Kevin Conran

**Exhibit C**

**DAYMON  
WORLDWIDE**

700 Fairfield Avenue  
Stamford, CT 06902

October 5, 2007

Dear Associate,

Recently, one of our fellow Daymon associates inadvertently gained computer access to sensitive information about our employees, including social security numbers. The associate promptly notified his supervisors. Once we were informed about this situation, we immediately took steps to re-establish the security of that information to prevent any other unauthorized access to this information by other individuals. In addition, we conducted an extensive investigation to determine whether anyone else had gained access to this information.

We have no reason to believe that anyone else had unauthorized access to this information and we have found no evidence that it was used improperly or made available to the general public.

We want to assure you that new and more stringent security measures have been added to our computer system which will prevent unauthorized access to this type of information in the future. Again, we have found absolutely no evidence that this information was used improperly. We are notifying you about this incident so that you can take steps to protect yourself.

As always, we encourage you to remain alert in guarding your personal information, watching for any unusual activity on your credit card accounts or suspicious items on your bills. You may also wish to do the following:

- Under federal law, you are entitled to one free copy every twelve months of your credit report from each of the three major credit reporting companies. You may obtain a free copy of your credit report by going to [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or by calling 1-877-FACTACT (1-877-322-8228). If you would rather write, a request form is available on [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com). You may want to obtain copies of your credit reports to ensure the accuracy of the report information.
- To further protect yourself, you may contact the fraud departments of the three major credit reporting companies. They will discuss your options with you. You have the right to ask that the three credit reporting companies place "fraud alerts" in your file. A fraud alert can make it more difficult for someone to get credit in your name because it tells creditors to follow certain procedures to protect you. It may delay your ability to obtain credit. You may place a fraud alert in your file by calling just one of the three nationwide credit reporting companies. As soon as that company processes your fraud alert, it will notify the other two credit reporting companies which then must also place fraud alerts in your file.

- The three major credit reporting companies are:

**Equifax**  
Report Fraud: 1-800-525-6285  
[www.equifax.com](http://www.equifax.com)

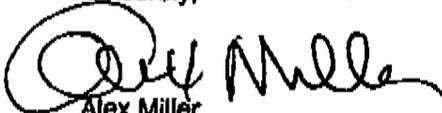
**Experian**  
Report Fraud: 1-888-397-3742  
[www.experian.com](http://www.experian.com)

**TransUnion**  
Report Fraud 1-800-680-7289  
[www.transunion.com](http://www.transunion.com)

We want to assure you that protecting the security and privacy of your personal information remains a top priority for us. We have made and will continue to make significant investments in security software, systems and procedures, and will remain vigilant in protecting you.

If you have any questions, please contact Mark Bleler (203-352-7743), Brian Benson (203-352-7906), or Nancy Pluzdrak (203-352-7710).

Sincerely,



Alex Miller  
President  
Daymon Worldwide Inc.