



November 8, 2010

Delivery via UPS Overnight

Office of the Attorney General of New Hampshire
33 Capitol Street
Concord, NH 03301

Re: Notification of Data Security Incident

Dear Sir/Madam:

This letter is being sent in accordance with New Hampshire law to inform your office of a data security incident involving web servers located at a San Antonio, Texas-based web hosting provider engaged by ECS Learning Systems, Inc. ("ECS").

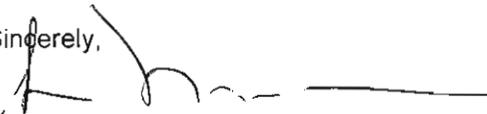
On October 15, 2010, ECS discovered an unauthorized intrusion into its computer databases. Based on our subsequent investigation, we believe unauthorized intruders were able to circumvent security measures in our online ordering system, and as a result were able to access information stored in our customer database. It appears that this unauthorized access occurred sporadically beginning in or about April 2010. Approximately 1300 of our customers (including approximately 3 New Hampshire residents) were potentially affected. We believe the unauthorized intruders had access to customer information stored on our computer systems, including customer name, telephone number, email address, physical address, and/or credit or debit card information.

We are mailing a security incident notice letter today to potentially affected individuals. A template of that notice letter is enclosed for your reference.

ECS has already implemented additional security measures because of this incident. Upon learning of this incident, we worked with our third-party web hosting provider to immediately implement heightened access controls and other security measures. We have deleted stored credit/debit card information from our computer systems, and we have removed the capability for storing preferred credit/debit card information for use in future orders. Going forward, all online credit card transactions on our website will continue to be processed for us by a leading, national service provider, which was not involved in this security incident.

If you have any questions, you may contact us directly at [REDACTED]

Sincerely,


Sam Mammen
President

Enclosure: Template of Notice Letter to Potentially Affected New Hampshire Residents

ECS Learning Systems, Inc. · P.O. Box 440 · Bulverde · TX 78163

[ECS Learning Systems Letterhead]

November 8, 2010

[NAME]
[ADDRESS]

Dear <<First Name>> <<Last Name>>:

This letter is to notify you of a data security incident at ECS Learning Systems, Inc. ("ECS"). We have already taken steps to correct the issue, but we believe it is important for you to be aware of this matter.

On October 15, 2010, ECS discovered an unauthorized intrusion into its computer databases. Based on our subsequent investigation, we believe unauthorized individuals were able to circumvent security measures in our online ordering system, and as a result were able to access information stored in our customer database. It appears that this unauthorized access occurred sporadically beginning in or about April 2010. Approximately 1300 of our customers were potentially affected. We believe the unauthorized individuals had access to the customer information stored on our computer systems concerning you, including your name, telephone number, email address, physical address, and/or credit or debit card information.

Upon learning of this incident, we immediately implemented heightened access controls and other security measures. We have deleted stored credit/debit card information from our computer systems, and we have removed the capability for storing preferred credit/debit card information for use in future orders. Going forward, all online credit card transactions on our website will continue to be processed for us by a leading, national service provider, which was not involved in this security incident.

We are informing you about this incident so you may properly evaluate what actions you wish to take. We urge you to remain vigilant in reviewing your account statements; you may also monitor your information via free credit reports. You have the right to obtain a copy of your free credit report once a year from each credit reporting agency ("CRA"). A free credit report may be obtained at www.annualcreditreport.com or by calling 1-877-322-8228. You also have the right to place a security alert on your credit file. You can do this by contacting one of the three CRAs listed below. The CRA you notify will alert the other two CRAs. The security alert remains in effect for 90 days. You can renew for additional 90-day periods by contacting one of the three CRAs:

Equifax
1-800-525-6285
www.equifax.com
P.O. Box 740241
Atlanta, GA 30374

Experian
1-888-397-3742
www.experian.com
P.O. Box 9532
Allen, TX 75013

TransUnion
1-800-916-8800
www.transunion.com
P.O. Box 6790
Fullerton, CA 92834

In addition to a security alert, you may have the right to place a security freeze on your credit bureau file, which would cause any issuer of credit to use additional scrutiny for requests for new or increased credit on your account. You can request a security freeze, and obtain information on temporary and permanent lifting of a security freeze, by contacting the CRAs listed above and providing your name, address, and all other information the CRA requires for a security freeze. Please note that placing a security freeze may delay approvals that require access to your credit information, possibly including extensions of credit at point of sale.

Maryland residents may contact the Office of the Attorney General of Maryland's Consumer Protection Division (1-888-743-0023, www.oag.state.md.us, 200 St. Paul Place, Baltimore, MD 21202), and North Carolina residents may contact the Office of the Attorney General of North Carolina's Consumer

Protection Division (1-877-566-7226, www.ncdoj.com, 9001 Mail Service Center, Raleigh, NC 27699) for more information on ways to avoid and deter identity theft. You can also contact the Federal Trade Commission on ways to avoid and deter identity theft: Federal Trade Commission, 1-877-382-4357, www.ftc.gov/bcp/edu/microsites/idtheft/, 600 Pennsylvania Avenue NW, Washington, D.C. 20580.

We sincerely apologize for any inconvenience or concern this may have caused you. For further information, please see the enclosed Frequently Asked Questions document or contact ECS toll-free at 800-688-3224.

Sincerely,

Sam Mammen
President
ECS Learning Systems, Inc.

Encl.

ECS Learning Systems
Data Security Incident Frequently Asked Questions
November 8, 2010

1. What is this about?

Answer: ECS Learning Systems believes unauthorized individuals were able to circumvent security measures in our online ordering system, and as a result were able to access information stored in our customer database. It appears that this unauthorized access occurred sporadically beginning in or about April 2010 until we discovered the breach on October 15, 2010.

2. What is ECS doing about the situation?

Answer: We immediately took measures to address the security breach. We are sending letters to the customers whose information may have been accessed, notifying them of the data security incident, the steps we have taken to correct the issue, and what cautionary steps individuals may wish to take. We have also implemented heightened access controls and other security measures, and we have removed the capability for storing preferred credit/debit card information for use in future orders. We have also reported the matter to the local police department.

3. Were credit card, debit card, or bank account numbers exposed to potential unauthorized access?

Answer: Credit and debit card numbers were exposed. No bank account numbers would have been exposed.

4. Should I change my credit or debit card number?

Answer: You should review your bank account and credit card activity carefully. Even if you do not find any unusual activity, you may want to contact your bank (for debit cards) or your credit card issuing bank (for credit cards) to obtain their advice regarding changing your debit or credit card account number as a precaution.

5. Will ECS's ability to process orders through its website be hampered because of this incident?

Answer: No. However, going forward, customers will have to re-enter their credit or debit card number each time they place an order on the ECS website.

6. Going forward, will credit card orders placed on the ECS website be secure?

Answer: Yes. ECS uses, and will continue to use, a leading, national service provider to process credit card payments. That service provider was not involved in any way in this security incident.

7. If I received a notification letter, what should I do?

Answer: If you received a notification letter from us, you should remain vigilant in reviewing your account statements and by monitoring your information via free credit reports. You have the right to obtain a copy of your free credit report once a year from each credit reporting agency ("CRA"). You can obtain a free credit report at www.annualcreditreport.com or by calling 1-877-322-8228. Review your credit report carefully to see if any new credit has recently been requested.

You also have the right to place a security alert on your credit file. You can do this by contacting one of the three CRAs listed below. The CRA you notify will alert the other

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two CRAs. The security alert remains in effect for 90 days. You can renew for additional 90-day periods by contacting one of the three CRAs:

Equifax
1-800-525-6285
www.equifax.com
P.O. Box 740241
Atlanta, GA 30374

Experian
1-888-397-3742
www.experian.com
P.O. Box 9532
Allen, TX 75013

TransUnion
1-800-916-8800
www.transunion.com
P.O. Box 6790
Fullerton, CA 92834

In addition to a security alert, you may have the right to place a security freeze on your credit agency file, which would cause any issuer of credit to use additional scrutiny for requests for new or increased credit on your account. You can request a security freeze, and obtain information on temporary and permanent lifting of a security freeze, by contacting the CRAs listed above and providing your name, address, and all other information the CRA requires for a security freeze. Please note that placing a security freeze may delay approvals that require access to your credit information, possibly including extensions of credit at point of sale.

You can contact the Federal Trade Commission on ways to avoid and deter identity theft: Federal Trade Commission, 1-877-382-4357, www.ftc.gov/bcp/edu/microsites/idtheft/, 600 Pennsylvania Avenue NW, Washington, D.C. 20580.

As a general matter, you should review your account statements carefully to see if there have been any unauthorized charges. If you see any, contact your bank, credit card issuer, or other issuer of the account immediately at the number on your account statement or card. Even if there has been no unusual activity, you can ask your account issuer to change your account number.

8. How will I know if my information was used by someone else?

Answer: The best way to find out is to look at the activity on your account statements. If someone else has used your bank account, credit card, or other account number, the activity will appear on your statements. If you see unauthorized activity, call your bank, credit card, or other account issuer at the number on the back of your statement immediately and tell them that the activity was not authorized and ask to change your account number, open a new account, and/or correct the incorrect information on your account. You can also get a copy of your credit report from one of the three credit reporting agencies. The credit report will show if there has been any new credit requested using your information.

9. Can I put a security alert on my credit report?

Answer: U.S. law allows you to put a "security alert" on your credit report. This is a free service. See Answer to FAQ 7, above. After you put a security alert on your credit report, you will be asked to provide proof of your identification when you apply for credit.

10. What is a security alert?

Answer: A security alert is a message added to your credit report that tells anyone who pulls a copy of your credit report that there is possible identity theft or security concerns associated with your account.

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A 90-day initial security alert expires after 90 days. If you have actually been the victim of identity theft you may be able to place a 7-year security alert on your account. You can obtain more information online at www.ftc.gov/bcp/edu/microsites/idtheft/.

11. Will a security alert stop me from using my credit cards?

Answer: No. However, a security alert may interfere with your ability to get immediate credit, for instance if you apply for instant credit at a department store. This is because the department store credit office may have to call you to verify your identity before issuing you credit.

12. Can I still apply for credit if I put a security alert on my credit report?

Answer: Yes. However, the security alert may slow down the approval process because the security alert will require that the creditor verify your identity before approving new credit.

13. How can I get in touch with the credit reporting agencies?

Answer: See Answer to FAQ 7, above.

14. Do I have to pay for a credit report?

Answer: You are entitled to one free credit report a year from each of the three credit reporting agencies. Using the Annual Credit Report Request Service, you can obtain one credit report today from one of the credit reporting agencies (for example, Experian), you can obtain another report in four months from another agency (for example, Equifax), and you can obtain a third report in eight months from the third agency (for example, TransUnion). By spacing out your requests for your free credit report, you can monitor your credit over the course of a year. If you want to obtain more than one credit report from any one of the credit reporting agencies during the same year, you may have to pay a small charge.

15. How long will it take to get my credit report?

Answer: You can access your credit report online at www.annualcreditreport.com. You can download or print the report from that site. You may also request the report by telephone (by calling 1-877-322-8228 and answering some questions to verify who you are) or by mail (by downloading the request form from www.annualcreditreport.com and mailing it to: Annual Credit Report Request Service, P.O. Box 105283, Atlanta, GA 30348-5283). If you request your report by phone or by mail, it will take approximately two weeks to process the request, so you should allow two to three weeks for delivery to you.

16. What should I watch out for on my credit report?

Answer: Look for any accounts that you do not recognize, especially new accounts. Look in the personal information section to see if the residence and employment information is correct or has changed.

Incorrect information or changes could be indications of identity theft and potentially fraudulent activity. If you see information you do not understand or that is wrong, call the credit reporting agency immediately at the number on the report and speak to a staff

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member, and immediately follow-up with any implicated bank, credit card, or other account provider.

17. Will ECS contact me to ask for my personal information because of this event?

Answer: No. We will not contact you unless you call or write to us first. We will never ask for bank account information or personal identification numbers or for your credit card/debit card or social security number. If you are contacted directly by someone who claims to be with ECS and who asks you for any personal information, *do not provide any personal information to that caller.*

18. Who do I contact with any questions that are not addressed above?

Answer: You can send an email to info@ecslearningsystems.com. If you send us an email, please do not include any sensitive personal information.

For additional information:

Credit Reporting Agencies

Equifax
1-800-525-6285
www.equifax.com
P.O. Box 740241
Atlanta, GA 30374

Experian
1-888-397-3742
www.experian.com
P.O. Box 9532
Allen, TX 75013

TransUnion
1-800-916-8800
www.transunion.com
P.O. Box 6790
Fullerton, CA 92834

Annual Credit Report Request Service: www.annualcreditreport.com
1-877-322-8228

Federal Trade Commission

Identity Theft
Hotline: 1-877-ID-THEFT (1-877-438-4338)
www.ftc.gov/bcp/edu/microsites/idtheft

Other FTC Information and Resources
www.ftc.gov
1-877-FTC-HELP (1-877-382-4357)

Social Security Administration

Fraud Hotline: 1-800-269-0271
Benefits Statement: 1-800-772-1213
www.ssa.gov

Privacy Rights Clearing House Identity Theft Resources
<http://www.privacyrights.org/identity-theft-data-breaches>

Identity Theft Resource Center
www.idtheftcenter.org