



KANA Software, Inc.
181 Constitution Drive
Menlo Park, CA 94025

Tel 650 614-8300
Fax 650 614-8301
www.kana.com

July 25, 2008

Attorney General Kelly A. Ayotte
Office of the Attorney General
33 Capitol Street
Concord, New Hampshire 03301

Re: Data Security Breach
Notice Required By N. H. Rev. Stat. 359-C:20 and Request for Notice Approval


Attorney General Ayotte:

This letter is to notify you that Kana, Inc. ("**Kana**") through our third party service provider Colt Express Outsourcing Services Inc. ("**Colt Express**") may have experienced a breach of employee data. Please consider this as the notice required pursuant to New Hampshire Revised Statutes Section 359-C:20. Pending your review and approval of our notice letter attached hereto as Exhibit A titled "Form of Notice to New Hampshire Data Subjects" we will notify the 158 New Hampshire residents that their personally identifiable information may have been compromised.

Colt Express (an unaffiliated benefit plan administration services provider) recently informed Kana that it had experienced a break-in at their offices at 2125 Oak Grove Road, Suite 210, Walnut Creek, California on May 26, 2008. Computer equipment storing personal information (including name, address, birth date, and Social Security Number) was stolen and has yet to be accounted for. Regrettably, the affected parties may have included current and former New Hampshire employees of Kana and their dependents. As part of our response plan and in accordance with New Hampshire law, we intend to notify the affected individuals of the incident and of steps they can take to guard against identity theft.

We would very much appreciate it if you could inform us if Exhibit A meets the requirements under New Hampshire law; once we receive your approval, we will immediately mail the notice letters to the affected individuals.

If you have any questions regarding this incident or our planned response, please do not hesitate to contact me at 650-614-8087

Sincerely,

William A. Bose
Vice President & General Counsel

Attachments

EXHIBIT A – Form of Notice to New Hampshire Data Subjects
[To Be Sent on Company Letterhead]

<First Name> <Middle Initial> <Last Name> <Suffix>

<Address> (Line 1)

<Address> (Line 2)

<City> <State> <Zip>

Dear <First Name> <Middle Initial> <Last Name> <Suffix>,

As you may know, we have previously outsourced certain benefits administration services to a company which specializes in these tasks. As an employee of Kana, Inc. (“Kana”) during the period between January 1, 2004 and March 31, 2006 your personal information was provided to that company. Regrettably, that company recently reported to Kana that its office in Walnut Creek, California was burglarized and servers and computers were stolen. Those servers and computers may have contained files related to Kana including your name, address, birth date and Social Security Number and that of your spouse and/or dependants if they had been enrolled. We have no reason to believe that the theft was the result of interest in the data on the servers or computers. Nonetheless, we cannot be certain that the burglar did not have access to the data or whether the data was discarded. In what may be an excess of caution, then, we are notifying you of this event and suggesting certain steps that you may wish to take.

To protect yourself and your dependants against identity theft or other unauthorized use of personal information, we recommend that you remain vigilant over the next 12 months and routinely review your credit card bills and credit report for unauthorized activity. Look for accounts you did not open or inquiries from creditors that you did not initiate. You should also promptly report any suspected identity theft or fraud to your local law enforcement agency, the U.S. Federal Trade Commission, your financial institution, and to the Fraud Alert phone line of one of the three national consumer reporting agencies by calling: Experian at 1-888-397-3742; Equifax at 1-800-525-6285; or TransUnion at 1-800-680-7289. You may obtain a free 90-day Fraud Alert status on your record by calling one of these credit bureau phone numbers. You may wish to contact your credit card issuers and financial institutions and inform them of the incident as well.

If you call your local police or sheriff’s office and file a police report regarding the matter, make sure to get a copy of the police report since you may need copies of the police report to give to creditors to clear up your records.

In addition, you may contact the fraud departments of the three national consumer reporting agencies to place a security freeze on your consumer report. A security freeze is designed to prevent credit, loans and services from being approved in your name without your consent; however, please be aware that using a security freeze may delay your ability to obtain credit. You may request that a security freeze be placed on your consumer report by sending a request to a consumer reporting agency by certified mail, overnight mail, or regular stamped mail to the addresses below. The following information should be included when requesting a

security freeze (please note that if you are requesting a credit report for your spouse or other dependent, this information should be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth (month, day and year); (4) current address for the past two years; and (5) any applicable incident report or complaint with a law enforcement agency. The request should also include a copy of a government-issued identification card (such as a driver's license or military ID card) and a copy of a recent utility bill or bank or insurance statement. Each copy should be legible, display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee to place a freeze or lift or remove a freeze, unless you are a victim of identity theft or the spouse or other dependent of a victim of identity theft, and you have submitted a valid police report relating to the identity theft to the consumer reporting agency.

Experian Security Freeze

P.O. Box 9554
Allen, Texas 75013
www.experian.com

Equifax Security Freeze

P.O. Box 105788
Atlanta, Georgia 30348
www.equifax.com

TransUnion

Fraud Victim Assistance Dept.
P.O. Box 6790
Fullerton, California 92834-6798
www.transunion.com

There are also ways to obtain your consumer credit report without charge. Under federal law, you are entitled to one free copy of your consumer credit report from each of the three national consumer reporting agencies. You may request your free annual consumer credit report by visiting www.annualcreditreport.com or by calling 1-877-FACTACT (1-877-322-8228). You may want to obtain copies of your consumer credit report to ensure its accuracy.

To learn more and to report incidents of identity theft, you can go to www.consumer.gov/idtheft, www.ftc.gov/credit or, call 1-877-IDTHEFT (1-877-438-4338). We regret that this incident has created any risk, and apologize for the inconvenience. If there is anything further Kana can do to assist you, please call Amy Rios (650-614-8318) in our Human Resources Department or Will Bose in our Legal Department (650-614-8087.)

Sincerely,

William A. Bose
Vice President & General Counsel