

February 7, 2013

VIA FEDERAL EXPRESS

Attorney General Michael A. Delaney
New Hampshire Department of Justice
33 Capitol Street
Concord, NH 03301

Re: Data Breach Notification

Dear Attorney General Delaney:

Pursuant to NH 359C:20, I am writing on behalf of our client, THORLO, Inc., a North Carolina-based textile manufacturer (the "Company"), to notify you of a breach of security involving approximately 106 New Hampshire residents.

On January 22, 2013, we learned, via a call from a consumer, that they believed that their credit card data had been compromised after using such credit card to purchase products from our Internet website. After a preliminary investigation, we determined that fraudulent access to our site had likely occurred and that, as a result, the names, addresses and credit card numbers of purchasers on the Company's site between November 14, 2012 and January 22, 2013 (the "Period"), had possibly been compromised.

The Company is now in the process of providing official written notice to its New Hampshire customers via U.S. mail. A template of the notice that will be provided to New Hampshire customers is attached to this letter.

When the Company discovered the incident, it immediately took its secure server offline. In addition, the Company reported the breach to its credit card processor who, in turn, alerted the relevant credit card issuers. The Company has also reported this crime to the Statesville, North Carolina Police Department and the FBI Cybersecurity Team in their Charlotte, NC, field office. At this time, we do not know whether any personal information was used for fraudulent purposes; however, we will be providing consumer help and investigative services to customers who so request such service. At this time, we have also hired a recommended forensic auditing firm to conduct an audit of our computer and security systems and protocols to determine both

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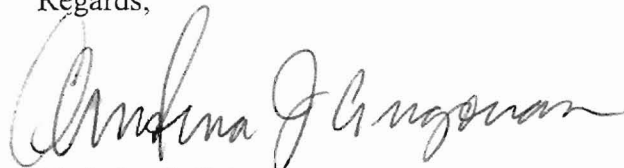
Katten

Katten Muchin Rosenman LLP

the method of this breach and any actions that are recommended to prevent it from occurring again.

Should you need additional information about this breach, please do not hesitate to contact me at (202) 625-3541.

Regards,

A handwritten signature in black ink, appearing to read "Christina J. Grigorian". The signature is fluid and cursive, with the first name being the most prominent.

Christina J. Grigorian

Attachment



<<Firstname>> <<Middlename>> <<Lastname>>

<<Date>> (Format: Month Day, Year)

<<Address1>>

<<Address2>>

<<City>>, <<Stateprovince>> <<Postalcode>>

<<Intelligent Mail Barcode>>

READ IMMEDIATELY: Potential Credit Card Data Theft

Dear <<Firstname>> <<Middlename>> <<Lastname>>,

My name is Jim Throneburg and I am the owner of THORLO. I am sending you this letter because you, your company, have been the victims of a cybercrime that has potentially resulted in the theft of your personal information, including your credit card information. This theft could result in fraudulent charges on your credit card account. We have filed reports with the FBI Cyber Crimes Unit and our local police department, and they have active investigations under way as well.

To avoid fraudulent charges to your credit card, please call your credit card company or bank immediately. In the event that your card has been misused, we have purchased a comprehensive package of services to you, in addition to providing the resource referrals that your state requires.

The facts we know so far are that hackers intercepted certain customer data including customer names, personal customer contact information (potentially including e-mail addresses), and credit card account numbers (including credit card expiration dates and credit card security codes) while our computer servers were in the process of submitting credit card information for authorization and/or for payment. The theft of customer data is limited to customers who used their credit cards to make purchases on the www.thorlo.com website between November 14, 2012 through, and including, the morning hours of January 22, 2013, when the criminal activity was discovered and stopped. Although our investigation is not yet complete, there is no evidence that our firewall has been penetrated or that our general data base has been accessed or compromised. I also want to confirm to you that, in accordance with industry standards, THORLO does not keep your credit card information after orders are processed. We have worked as quickly as we could to verify which records may have been stolen, to take additional steps to secure our website in consultation with nationally-recognized experts, to provide all potentially affected customers the specific information we are legally required to provide in the state where they live, and to assemble a comprehensive package to assist and respond to the affected customers.

We strongly recommend that you immediately notify your bank or credit card company and carefully review your bank or credit card account statements for charges you have not authorized. In addition, we urge you to monitor your credit report at AnnualCreditReport.com, a service which allows you to obtain a free credit report once every 12 months from the three major credit bureaus.

To help relieve concerns and restore confidence following this incident, we have secured the services of Kroll Information Assurance to provide identity theft safeguards at no cost to you. Kroll is the global leader in risk mitigation and response, and their team has more experience than any other organization when it comes to helping people who have sustained an unintentional exposure of confidential data.

Your identity theft safeguards include Enhanced Identity Theft Consultation and Restoration. Instructions on how to receive your services are below.

Enhanced Identity Theft Consultation and Restoration. Licensed Investigators, who truly understand the problems surrounding identity theft, are available to listen, to answer your questions, and to offer their expertise regarding any concerns you may have. And should your name and credit be affected by this incident, your investigator will help restore your identity to pre-theft status.

If you have questions or feel you have an Identity Theft issue, call 1-777-777-7777, 9 a.m. to 6 p.m. (Eastern Time), Monday through Friday. Kroll's Licensed Investigators are standing by to answer your questions or help you with concerns you may have. Please have your membership number ready.

All of us at THORLO want you to know how sorry we are for any difficulties or inconveniences this may cause you. Please accept our sincerest apology.

Sincerely,

James L. Throneburg
Owner and Chairman of the Board



Your membership number is: <<MEMBERSHIPNUMBER>>

**Call 1-777-777-7777 if you need help or have questions.
Claim to 5 p.m. Eastern Time, Monday through Friday.
Representatives are ready to help you.**

State Notification Requirements

All States.

You may obtain a copy of your credit report or request information on how to place a fraud alert or security freeze by contacting any of the national credit bureaus below. It is recommended that you remain vigilant for incidents of fraud and identity theft by reviewing credit card account statements and monitoring your credit report for unauthorized activity.

Equifax

P.O. Box 740241
Atlanta, Georgia 30374
1-800-686-1111
www.equifax.com

Experian

P.O. Box 2104
Allen, TX 75013
1-888-397-3742
www.experian.com

TransUnion

P.O. Box 2000
Chester, PA 19022
1-800-888-4213
www.transunion.com

For residents of Iowa, Maryland, Michigan, Missouri, North Carolina, Oregon, and West Virginia.

It is required by state laws to inform you that you may obtain a copy of your credit report, free of charge, whether or not you suspect any unauthorized activity on your account.

Residents of Iowa.

State law advises you to report any suspected identity theft to law enforcement or to the Attorney General.

For residents of Oregon.

State laws advise you to report any suspected identity theft to law enforcement, as well as the Federal Trade Commission.

For residents of Illinois, Maryland and North Carolina.

You can obtain information from the Maryland and North Carolina Offices of the Attorneys General and the Federal Trade Commission about steps you can take toward preventing identity theft.

Maryland Office of the Attorney General

Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
1-888-743-0023
www.oag.state.md.us

North Carolina Office of the Attorney General

Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001
1-877-566-7226
www.ncdoj.com

Federal Trade Commission Consumer Response Center

600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/bcp/edu/microsites/idtheft/

For residents of Massachusetts.

It is required by state law that you are informed of your right to obtain a police report if you are a victim of identity theft.

For residents of Massachusetts and West Virginia.

You also have the right to place a security freeze on your credit report by contacting any of the credit bureaus listed at the top of this page. A security freeze is intended to prevent credit, loans and services from being approved in your name without your consent.

To place a security freeze on your credit report, you may be able to use an online process, an automated telephone line or a written request. The following information must be included when requesting a security freeze (note that if you are requesting a credit report for your spouse, this information must be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth; (4) current address and any previous addresses for the past five years; and (5) any applicable incident report or complaint with a law enforcement agency or the Registry of Motor Vehicles. The request must also include a copy of a government-issued identification card and a copy of a recent utility bill or bank or insurance statement. It is essential that each copy be legible, display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee of up to \$5.00 to place a freeze or lift or remove a freeze and free if you are a victim of identity theft or the spouse of a victim of identity theft, and you have submitted a valid police report relating to the identity theft incident to the consumer reporting agency.