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Pillsbury Winthrop Shaw Pittman LLP
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March 24, 2011

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

Delivery Via Federal Express - Tracking No. 4455 5343 5904

RE: Notification of Data Security Breach Incident at Applied Micro Circuits Corporation

Dear Sir/Madame:

This letter is being sent in accordance with New Hampshire law to inform your office that our client, Applied Micro Circuits Corporation recently suffered a data security incident when an employee's laptop was stolen from his locked car. The equipment that was stolen contains a combination of the name and Social Security Number of some of the company's current or former employees. We have enclosed a copy of the notice letter that the company will be sending to potentially affected individuals on about March 25, 2011.

Approximately 65 New Hampshire residents will be receiving notice letters. Should you have any additional questions, you may contact the company directly at

[redacted]

Very truly yours,

PILLSBURY WINTHROP SHAW PITTMAN LLP

Catherine D. Meyer

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March 23, 2011

Dear [insert name],

We are writing to inform you of a recent security breach at Applied Micro Circuits Corporation ("APM"). On February 23, 2011, a company laptop computer was stolen from an APM employee's locked car. Upon our investigation of the matter, we were able to determine that this laptop had files containing, among other information, the names and Social Security Numbers of a number of APM's current and former employees. No bank account, credit card account or drivers license information was in the files, nor was any medical record or insurance claim information. You are receiving this letter because your name and Social Security Number was in one of the files on the laptop.

The laptop was password protected at the time it was stolen and some of the files also had password protection, using different passwords meeting our requirements for complexity, so any thief would have to be able to decipher two passwords in order to access the data in the files. However, the information inside those files was not otherwise encrypted. The laptop was among several valuable items stolen from the car when it was broken into, so we are unable to determine whether or not the laptop or the data stored on it was the primary target of the theft. A police report was filed by the employee at the time of the incident. To help ensure that something like this does not happen again, APM management has directed all personnel with access to personal employee data not to place or store such data on any mobile device. In addition, APM is reviewing and will implement hard drive file encryption of such data as a safeguard in the event it is placed on a mobile device by mistake.

A careful and thorough investigation into the potential risk to current and former APM employees has been our top priority. While we have not determined that any of your personal information was actually accessed or used following the theft of the laptop, out of an abundance of caution we are notifying you so that you may take steps to protect yourself. The primary risk arising from this theft is that your personal information might be used as part of a scheme to obtain a credit card or engage in some other credit transaction in your name.

You have the right to obtain a copy of your credit report for free once a year from each credit reporting agency. You can obtain a free credit report by visiting www.annualcreditreport.com or by calling 1-877-322-8228.

You also have the right to place an initial "fraud alert" on your credit file. A "fraud alert" lets creditors know that they should contact you before they open a new account in your name. You can do this by calling any one of the three credit reporting agencies at the number below. This

215 Moffett Park Drive, Sunnyvale, CA 94089 408 542 8600 408 542 8601

will let you automatically place fraud alerts with all three agencies, who will send you information on how you can order a free credit report from each of the agencies. The "fraud alert" will stay on your account for 90 days. After that you can renew the alert for additional 90 day periods by calling any one of the three agencies.

Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241

Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 2002, Allen, TX 75013

TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790

When you receive your credit report, look it over carefully. Look for accounts you did not open. Look for inquiries from creditors that you did not initiate. Look for personal information, such as home address, employment or social security numbers, which is not accurate. If you see anything you do not understand call the credit agency at the telephone number on the report.

If you do find suspicious activity on your credit report, call your local police or sheriff's office and the Federal Trade Commission and file a report of identity theft. Keep a copy of the police report and send a copy to APM. You may need to give copies of the police report to creditors to clear up your records.

Even if you do not find any signs of fraud on your reports, it is recommended that you check your credit reports every three months for the next year. The law allows you to order a free credit report from each agency every 12 months. You may order one, two, or all three reports at the same time, or you may stagger your requests during a 12-month period to keep an eye on the accuracy and completeness of the information in your reports. Just call one of the numbers above to order your report and keep the "fraud alert" in place.

California residents may visit the California Office of Privacy Protection website at www.privacy.ca.gov for more information on identity theft.

Maryland residents can receive additional information by contacting the Office of Attorney General, 200 St. Paul Pl, Baltimore, MD 21202 phone (888-743-0023) www.oag.state.md.us/idtheft.

New York residents may visit the New York State Consumer Protection Board website at www.nysconsumer.gov/internet_security.htm for more information on identity theft

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You can contact the Federal Trade Commission at 1-877-FTC-HELP (1-877-382-4357) or in writing at 600 Pennsylvania Avenue NW, Washington, DC 20580. The FTC website has a special section on identity theft offers helpful information. That site is http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/index.html.

We have not taken this breach lightly. The process of sharing data and ensuring content integrity has been reviewed. Additional security steps and documentation are being put in place to prevent such a release from happening again. We are continuing to work with law enforcement regarding the stolen lap top and are giving our full cooperation in that regard.

We deeply regret any inconvenience this may cause. Please feel free to contact our Help Line toll-free at (888) 425-7002 or to write to us at 215 Moffett Park Drive, Sunnyvale, CA 94089 for updates or to discuss your concerns.

Sincerely,

L. William Caraccio
Vice President, General Counsel and Secretary