

February 3, 2007

Office of the Attorney General
Consumer Protection and Antitrust Bureau
33 Capitol Street
Concord, NH 03301
FAX: (603) 223-6202

Re: Legal Notice of Information Security Breach Pursuant to N.H. Rev. Stat.
Ann. § 359-C:20(I)(b)

To Whom It May Concern:

Towers Perrin has provided consulting services to Bertelsmann, Inc. and its related entities, Arvato Services, Inc. (formerly known as Bertelsmann Services, Inc.), BMG Columbia House, Inc. (formerly known as BeMusic, Inc. and BMG Direct, Inc.), Berryville Graphics, Inc., BMG Music, Bookspan, Dynamic Graphic Finishing, Inc., Gruner + Jahr Printing and Publishing Co., Random House, Inc., Sonopress LLC, and Springer-Verlag New York, Inc. (collectively referred to herein as "Bertelsmann"). As you are aware, New Hampshire state law requires notice to the New Hampshire Attorney General's Office in the event of an information security breach involving the personal information of New Hampshire residents. In accordance with that requirement, we write this letter to inform you, on behalf of Bertelsmann, of an information security breach that Towers Perrin discovered on December 1, 2006, and of which Towers Perrin notified Bertelsmann on January 4, 2007, concerning Bertelsmann employees' and former employees' personal data that we maintained.

On December 1, 2006, we learned that laptops had been stolen from our offices in Manhattan, which may have contained these individuals' names, Social Security numbers, addresses, dates of birth and other data related their employment. The laptops were not encrypted, but the laptops and the email program were separately password-protected. We have no information indicating that the information has been misused. We promptly reported the theft to the New York City Police Department (Mid-town South Precinct). The police report number is 2006-014-17855. Subsequently, the District Attorney's Office for the County of New York requested that we delay notifying affected individuals until January 5, 2007.

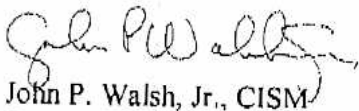
We estimate that approximately seven New Hampshire residents related to Bertelsmann were affected by this incident, out of a total of approximately 15,000 Bertelsmann employees and former employees nationwide. Pursuant to legal obligations, we are in the process of notifying the three major national consumer reporting agencies (Equifax, Experian and TransUnion), as well as all affected individuals of the information security breach via written letter to each affected individual through first class mail, postage prepaid, which in accordance with the law enforcement request was delayed, and which began on January 31, 2007. For your convenience, and for a description of the contents

of such consumer notice, a copy of the consumer notice letter being sent to consumers is enclosed with this letter to you.

The notices describe (1) the general nature of the incident resulting in the potential information security breach, (2) the type of personal information that was the subject of the security breach, (3) the precautionary measures Towers Perrin is taking to help protect personal information from further unauthorized access, (4) contact information for inquiries regarding the incident, (5) how to enroll in Equifax's credit monitoring service, which Towers Perrin is making available to affected individuals free of charge; and (6) advice to these individuals that they should also consider placing an initial fraud alert on their credit files and that they review account statements and monitor free credit reports that are available to them.

If you have any questions or need further information regarding this incident, please do not hesitate to contact us.

Sincerely yours,



John P. Walsh, Jr., CISM
Towers Perrin – Chief Information Security Officer

Enclosure



**TOWERS
PERRIN**

January 31, 2007

RE: IMPORTANT NOTICE

Dear

Towers Perrin provided benefits consulting services to Bertelsmann, Inc. and its affiliates (the "Company"). In some cases, to perform our services, we had access to some of your personal information. On December 1, 2006, we learned that laptops containing information about you, which may have included your name, Social Security number, address, date of birth and other data related to your employment, had been stolen from Towers Perrin's offices. We deeply regret that this situation occurred and are keenly aware of how important your personal information is to you. At this time, we have no reason to believe that your information has been misused. Even so, we want to inform you of the situation and suggest some steps you can take to protect yourself from identity theft now and in the future. Therefore, we are sending you this letter both on our own behalf and on behalf of the Company.

Upon finding out about this incident, we promptly reported the incident to law enforcement authorities, who subsequently requested that we delay this notification until early January 2007 to avoid any possible impediment to their investigation.

We take seriously our commitment to safeguarding confidential information entrusted to us by our clients, including your personal information. All of our laptops and email accounts are password-protected, and some files are password-protected as well. You may rest assured that we are carefully reviewing this incident and are taking whatever measures are necessary to ensure that it does not happen again. Because of this incident, we have accelerated a project we already had underway to encrypt all our laptops by the end of January 2007. In addition, we have engaged an information security consulting firm to review our policies and procedures in the context of this incident to help us assess our areas of vulnerability, target areas for improvement and implement necessary changes.

Precautions You Can Take

Although we have no knowledge of any misuse of your information, we have arranged for you to enroll, at your option, in the **Equifax Credit Watch™ Gold with 3-in-1 Monitoring** product at no cost to you for two years. The product will provide you with an early warning system for changes to your credit file, and help you to understand the content of your credit file at the three credit reporting agencies. To enroll in this product, go to Equifax's website at www.myservices.equifax.com/tri and complete the

enrollment process. During the "check out" process, provide the following promotional code: **CODE** in the "Enter Promotion Code" box. (*Case sensitive, include the dash, no spaces before or after the code.*) After entering your code, press the "Apply Code" button and then the "Submit Order" button at the bottom of the page. This code eliminates the need to provide a credit card number for payment. Alternatively, you may enroll in the U.S. Mail version of the product by completing and sending the enclosed form by mail or via fax to Equifax at the fax number or address shown on the form. **Please note: The code is unique for your use and should not be shared. It can only be used by one person and then becomes invalid for further use.**

Once you have enrolled, the Equifax Credit Watch™ Gold with 3-in-1 Monitoring product will provide you with several valuable services, including:

- Credit file monitoring of your Equifax, Experian, and TransUnion credit reports;
- Automatic notification of key changes to your credit files from any of the three agencies;
- Free 3-in-1 Credit Report and unlimited copies of your Equifax Credit Report™;
- Up to \$20,000 Identity Fraud Expense Coverage with no deductible (certain limitations and exclusions apply)¹; and
- 24 by 7 live agent customer service to assist you in understanding the content of your Equifax credit information, to provide personalized identity theft victim assistance and to help you initiate an investigation of inaccurate information.

Whether or not you enroll in this program, you should periodically request a free credit report to ensure credit accounts have not been activated without your knowledge. Every consumer, whether or not their data has been involved in a security breach, is entitled to receive one free report every twelve months from each of the three national credit bureaus listed below. In fact, it is a good practice for all consumers to order a free credit report from one of the three credit bureaus every four months, in order to continually monitor your accounts every year. To order your free credit report, contact one of the three major credit bureaus at the numbers provided below.

- Equifax: 877-478-7625 www.equifax.com; PO Box 740241, Atlanta GA, 30374-0241
- Experian: 888-397-3742 www.experian.com; PO Box 9532, Allen TX 75013
- TransUnion: 800-680-7289 www.transunion.com; Fraud Victim Assistance Division, PO Box 6790, Fullerton CA 92834-6790

Once you receive your credit reports, we urge you to review them carefully for unusual activity, including, for example, inquiries from companies you did not contact, accounts you did not open, and debts on your accounts that you cannot explain. Verify the accuracy of your Social Security number, address(es), complete name and employer(s), and any other information contained in your report. Notify the credit agencies if any information is incorrect. You should be vigilant in monitoring your credit reports and any financial accounts you have for suspicious activity. Please notify the entity maintaining the account, the Company and the proper authorities of any fraudulent activity that you

¹ Identity Fraud Expense Reimbursement Master Policy underwritten by Travelers Casualty and Surety Company of America and its property casualty affiliates, Hartford, CT 06183. Coverage for all claims or losses depends on actual policy provisions. Availability of coverage can depend on our underwriting qualifications and state regulations. Coverage not available for residents of New York. Equifax's credit monitoring products are protected by US Patent 7,208,052.

discover in your credit file or with your financial accounts. Even if you do not find suspicious activity on your initial credit reports, it is recommended that you check your credit reports periodically over at least the next 12 to 36 months.

You may also wish to take the added precaution of placing a fraud alert on your credit file. You can do so by contacting one of the three credit reporting agencies listed above. A fraud alert tells creditors to contact you before they open any new accounts or change your existing accounts. As soon as one credit reporting agency confirms your fraud alert, the other agencies are notified to place a similar alert. If you decide to place a fraud alert on your credit file, you should be aware that:

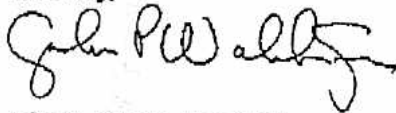
- you may be asked to provide proof of identification when applying for instant credit, and in some cases your ability to receive instant credit may be limited;
- creditors may contact you by phone at the number you designate before opening a new account for you;
- a fraud alert should not interfere with the daily use of credit cards or banking or credit accounts; and
- a fraud alert will expire, usually in 90 days, so you will need to renew it by calling the credit bureau you initiated it with, using the confirmation number you were given when you initiated (or subsequently renewed) the fraud alert.

In some states, you have the right to put a "credit freeze" on your credit file, so that no new credit can be opened under your credit file without the use of a pin number that is issued to you when you initiate your credit freeze. Since the instructions for how to establish a credit freeze differ from state to state, please contact the three major credit bureaus above to find out more information.

Other than in the form of a written letter, neither Towers Perrin nor the Company (except in the ordinary course of your employment with the Company) will initiate contact with you about this incident to ask you to confirm any sensitive personal information, such as your Social Security number. If you do happen to receive a contact with such a request, it is not from Towers Perrin or the Company, and you should not provide any such information.

Again, we apologize for any inconvenience or concerns this incident may cause. We are committed to assisting you in protecting yourself. If you have any questions or need additional information, you may contact our information hotline at: 800-788-2795.

Sincerely,



John P. Walsh, Jr. CISM
Towers Perrin – Chief Information Security Officer