



June 19, 2014

Attorney General Joseph Foster
NH Department of Justice
33 Capitol Street
Concord, NH 03301

Dear Attorney General Foster:

Pursuant to N.H. Rev. Stat. § 359-C:20, we are writing to notify you of an unauthorized acquisition of personal information involving 6 (six) New Hampshire residents.

NATURE OF THE SECURITY BREACH –UNAUTHORIZED ACQUISITION

Excelitas Technologies Corp. (“Excelitas” or “the Company”) recently learned that a payroll folder on its Salem, Massachusetts facility’s servers was not subject to the restricted access settings that were believed to be in place. This resulted in one known instance of an employee making an unauthorized copy of one payroll file contained in that folder. That file contained personal information of 191 employees, of whom 6 (six) are New Hampshire residents.

Excelitas management was informed on June 6, 2014 about this matter. The incident stemmed from the fact that a legacy group of users on the Company’s Salem server system had unintentionally inherited certain permissions to the folder which contained the payroll file. The restricted personal information in the payroll file included employee names, addresses, social security numbers, direct deposit financial account numbers, salary and payroll information. The personal information in question was limited to the Company’s Salem facility, and the unrestricted access was limited to a legacy group of users on the Salem system.

Lower level Excelitas personnel first learned about this unrestricted access in late March, 2014. A manufacturing supervisor became aware of the issue when another employee raised the unrestricted access to her attention. That supervisor approached an IT support staff member to investigate, at which point the unrestricted access was immediately shut off. The involved personnel felt that this resolved the issue and did not raise it with management at that time.

On June 5, 2014 the manufacturing supervisor approached the Senior Director of Operations who is located at the Salem site, noting that certain employees continued to pass rumors about salaries,

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and suggesting that the incident required further attention. The matter was escalated to management and a team of HR and IT personnel was formed to conduct an internal investigation. The internal investigation included reviewing existing security permissions with respect to the folder at issue and generally with respect to all finance and human resource data containing personal information, scanning the network and personal computers in production for copies of payroll file in question, and interviewing employees who had access to the payroll file.

The investigation resulted in a finding that only a small group of employees realized that they had access to the restricted folder. Only one employee made an unauthorized copy of the payroll file onto a floppy disk. No other copies of the file were discovered in connection with the investigation.

The employee who made the unauthorized copy was cooperative during the investigation. He was initially unaware of the seriousness of his actions, although he recognized that his activities and the acquisition of the information were wrong. He stated during the investigation that he did not duplicate or otherwise distribute the floppy disk. Excelitas confiscated the floppy disk containing the personal information. The employee was terminated on June 11, 2014.

NUMBER OF NEW HAMPSHIRE RESIDENTS AFFECTED

Excelitas believes that 6 (six) residents of New Hampshire, all Excelitas employees, have been affected. These Excelitas employees were addressed about this matter, in person and by senior management, on June 17, 2014 and also received written notice. A form of the written notice provided to all impacted employees is attached hereto.

STEPS TAKEN OR TO BE TAKEN BY EXCELITAS RELATING TO THE INCIDENT

In addition to the steps described above, Excelitas continues to monitor this situation. In response to learning about this incident Excelitas scanned its network and personal computers in production for unauthorized copies of the payroll file containing the personal information, and discovered none. Excelitas has performed a full reset of all permissions with respect to the impacted folder and all finance and human resource data and information, and has conducted subsequent reviews to ensure that the restrictions function properly.

The lower level employees have both been spoken with about proper escalation of such issues in the future. Excelitas is developing a means to communicate the procedure for escalating similar security incidents and will deploy the same to staff in the near future. Affected employees were addressed by management about this situation in person via an "all-hands meeting" on June 17, 2014,


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and received a written notice as described above. Excelitas will assist those employees in monitoring their credit reports, and will pay for credit monitoring services from LifeLock or for credit security freezes for a period of one year.

OTHER NOTIFICATION AND CONTACT INFORMATION

Should you have any questions about this incident, the handling of the incident, notices provided or steps taken to prevent any such future incident, please contact me at 978.522.5921 or via email at steve.boyce@excelitas.com.

Sincerely,



Steven E. Boyce
SVP, General Counsel and Chief Compliance Officer

Encs.

cc: Daniel K. Fink, Esq.

Date
Employee Name
Address
City, MA

Dear _____:

As a precautionary measure, I am writing to let you know about a data security incident that occurred involving your personal information. On June 6, 2014 Excelitas management became aware of an incident that occurred between late March and early April 2014 where there was unauthorized access and acquisition of some of your personal information. After learning about this event, Excelitas conducted a thorough internal investigation of the incident. Based on our investigation, we have reached preliminary conclusions that the event was internal, isolated and not of a malicious nature. Accordingly, it does not pose a likely threat of identity theft to you. However, please understand that Excelitas values your privacy and deeply regrets that this incident occurred.

As corrective actions, Excelitas immediately initiated a full review of security access of all restricted finance and human resource folders to ensure proper security access controls were in place. We also scanned all computers in question to make sure no unauthorized copies of the personal information existed and none were found on any personal computers. The internal investigation resulted in the termination of one employee.

With the above as background, please know that Massachusetts law requires that Excelitas provide you with the following information in connection with data security incidents, whether or not there is an actual threat of identity theft. Given the nature of the breach and conclusions from our internal investigation, Excelitas has not involved the police in this matter. However, if the police are ultimately contacted, under Massachusetts law you have the right to obtain any police report filed in connection with this incident. If you are ultimately the victim of identity theft, you also have the right to file a police report and obtain a copy of it.

Massachusetts law also allows consumers to place a security freeze on their credit reports. A security freeze is simply a notice filed with the credit reporting agencies which informs them not to provide your personal information to any third party, such as a bank or credit card company, thereby preventing fraudulent credit cards or loans being granted in your name. If you wish to place a security freeze on your credit report, Excelitas is prepared to assist you with this effort and pay for the costs of the security freeze for a period of up to one year. More information on placing a security freeze on your credit report can be found on the sheet attached to this letter entitled "Placing a Security Freeze on Your Credit Report."

In the event you wish to have a credit monitoring service place the security freeze on your credit reports for you, Excelitas is willing to pay for a one year subscription to LifeLock. In addition to freezing your credit reports, LifeLock will proactively monitor your credit accounts

for suspicious activity and will provide you with identity theft insurance in the amount of \$1,000,000. For more information, please visit www.lifelock.com.

If wish to place a security freeze on your credit report, or wish to obtain credit monitoring services from LifeLock, please contact Kerry Smith, Salem's HR representative, at 978.224.4424 or via email at kerry.smith@excelitas.com. She will set up an appointment with you to discuss your options and assist you with obtaining a security freeze or LifeLock's credit monitoring services.

Again, we deeply regret that this incident has occurred and will continue to monitor the circumstances of this incident to prevent any such further unauthorized access to personal information. If you discover that you are the victim of identity theft, please immediately notify Kerry Smith. If you have any questions or additional information about the situation, please feel free to contact Kerry Smith or me.

Sincerely,

Steven E. Boyce
SVP, General Counsel and Chief Compliance Officer

PLACING A SECURITY FREEZE ON YOUR CREDIT REPORT

consumer's credit report without written authorization. However, please be aware that placing a security freeze on your credit report may delay, interfere with, or prevent the timely approval of any requests you make for new loans, credit mortgages, employment, housing or other services.

To place a security freeze on your credit report, you must send a written request to each of the three major consumer reporting agencies: Equifax (www.equifax.com); Experian (www.experian.com); and TransUnion (www.transunion.com) by regular, certified or overnight mail at the addresses below:

Equifax Security Freeze
P.O. Box 105788
Atlanta, GA 30348

Experian Security Freeze
P.O. Box 9554
Allen, TX 75013

Trans Union Security Freeze
Fraud Victim Assistance
Department
P.O. Box 6790
Fullerton, CA 92834

In order to request a security freeze, you will need to provide the following information:

1. Your full name (including middle initial as well as Jr., Sr., II, III, etc.);
2. Social Security Number;
3. Date of birth;
4. If you have moved in the past five (5) years, provide the addresses where you have lived over the prior five years;
5. Proof of current address such as a current utility bill or telephone bill;
6. A legible photocopy of a government issued identification card (state driver's license or ID card, military identification, etc.)
7. If you are a victim of identity theft, include a copy of either the police report, investigative report, or complaint to a law enforcement agency concerning identity theft;
8. If you are not a victim of identity theft, include payment by check, money order, or credit card (Visa, MasterCard, American Express or Discover only). Do not send cash through the mail.

The credit reporting agencies have three (3) business days after receiving your request to place a security freeze on your credit report. The credit bureaus must also send written confirmation to you within five (5) business days and provide you with a unique personal identification number (PIN) or password, or both that can be used by you to authorize the removal or lifting of the security freeze.

To lift the security freeze in order to allow a specific entity or individual access to your credit report, you must call or send a written request to the credit reporting agencies by mail and include proper identification (name, address, and social security number) and the PIN number or password provided to you when you placed the security freeze as well as the identities of those entities or individuals you would like to receive your credit report or the specific period of time you want the credit report available. The credit reporting agencies have three (3) business days after receiving your request to lift the security freeze for those identified entities or for the specified period of time.

To remove the security freeze, you must send a written request to each of the three credit bureaus by mail and include proper identification (name, address, and social security number) and the PIN number or password provided to you when you placed the security freeze. The credit bureaus have three (3) business days after receiving your request to remove the security freeze.

If you are ultimately the victim of identity theft, and you provide the credit reporting agency with a valid police report, it cannot charge you to place, lift or remove a security freeze. In all other cases, a credit reporting agency may charge you up to \$5.00 each to place, temporarily lift, or permanently remove a security freeze. Excelitas will cover any of your costs associated with the placement or lifting of a security freeze.

It is recommended that you review your financial accounts and credit reports for any suspicious activity. Even if you do not find any suspicious activity on your initial credit reports, the Federal Trade Commission recommends that you check your credit reports periodically. Checking your credit reports periodically can help you spot problems and address them quickly.