

June 24, 2011

BY OVERNIGHT MAIL

Office of the Attorney General
Consumer Protection and Antitrust Bureau
33 Capitol Street
Concord, NH 03301

Re: Notification of Potential Information Security Breach

Dear Sir or Madam:

We represent FedEx Ground Package System, Inc. of Moon Township, Pennsylvania and its subsidiary FedEx SmartPost ("FXG").

In accordance with the provisions of N.H. Rev. Stat. Ann. § 359-C:20(i)(b), I am writing to inform you about a potential security breach regarding personal information held by FXG. Based on FXG's investigation to date, it has determined that a vulnerability in a human resources database system administered by Workscape, Inc. ("Workscope") for FXG employees existed from May 3-June 6, 2011, and social security number and bank account information may have been exposed to the risk. Workscape is a provider of payroll and human resources services, and was recently acquired by Automatic Data Processing, Inc. ("ADP"). FXG's investigation indicates that the information of approximately 2 New Hampshire residents was vulnerable to improper access.

FXG takes privacy and security matters very seriously and upon learning of the incident on June 7, 2011, FXG took steps to disable the Workscape application the very next day. In addition to its own internal investigation, FXG also required ADP to investigate on behalf of Workscape. The incident has also been reported to federal law enforcement, which is also investigating. FXG is also requiring that ADP take steps to prevent a similar vulnerability from occurring in the future.

FXG sent the attached notice to individuals whose information may have been compromised. The notice describes, among other things: (1) the general nature of the incident; (2) the type of personal information that was the subject of the possible security breach; (3) steps that FXG has taken to prevent further misuse of the data; (4) steps the affected individuals can take to protect themselves against identity theft; (5) contact information for inquiries; and (6) information regarding free credit monitoring services that FXG has procured from ADP on their behalf.

Please contact me if you require any additional information concerning this matter.

Very truly yours,
SEYFARTH SHAW LLP

Bart A. Lazar



BAL:mlw
Enclosure
cc: FedEx Ground Package System, Inc.



June 24, 2011

<Full Name>

<Home Address 1> <Home Address 2>

<Home City>, <Home State> <Home Postal>

Notice of Unauthorized Access to Information

Dear <Full Name>:

We recently became aware that Workscape, Inc. (Workscope), a vendor that supports some of our human resources administration, experienced an unauthorized intrusion on their computer systems. The unauthorized intrusion left certain personal information for a limited number of FedEx Ground (FXG) employees vulnerable to unauthorized access. I am writing to inform you that you are among the employees whose personal information was exposed to this risk. At this point, we have not received any information to suggest that identity theft, fraud, or misuse of your personal information has occurred, but we want you to be aware of this situation and the steps that we are taking to protect you.

I want you to know that the privacy and security of your personal information is extremely important to us. FXG has comprehensive policies and procedures in place that are designed to maintain the confidentiality of our employees' personal information. All of our vendors are contractually required to protect personal information in their possession.

Upon learning of this issue, FXG took immediate and aggressive steps to eliminate any further threat, including disabling affected systems and instituting a thorough review of our vendor's security systems and processes. As a result, certain systems will remain offline until we can be assured that there will be no recurrence, and that our employees' personal information is secure. In cooperation with our vendor and the appropriate authorities, we are also conducting an extensive investigation into this matter.

Based on our initial findings, we believe that from approximately May 3, 2011 through June 6, 2011, your personal data (as maintained by the vendor, Workscape, on behalf of FXG) was exposed to the risk of unauthorized access. The personal information which was exposed may include, among other things, your name, address, Social Security number and direct deposit information, including bank information.

Even though we have not received any information to suggest that identity theft, fraud, or misuse of your personal information has occurred, the system intruders may have viewed your personal information and could attempt bank fraud, credit card fraud or identity theft. We would also like to explain the steps we have taken to protect you, as well as some additional steps you may choose to take.

As a precaution, you will be provided with one (1) year of free credit monitoring services and identity theft insurance through Experian's ProtectMyID™ product. Specifically, once your ProtectMyID™ membership is activated, your credit report will be monitored daily for 50 leading indicators of identity theft. This will include Surveillance Alerts™ that will notify you of key changes in your credit report, a change of address, or if an Internet scan detects that your information may have been found in an online forum where compromised credentials are traded or sold. Please see the attached flyer for more information on this service and how you can enroll.

If you choose not to enroll in this free service, we recommend that you remain vigilant and review your account statements (particularly with respect to the bank with which you have your direct deposit relationship) and credit reports regularly. You can monitor your credit report by calling one or more of the credit reporting agencies listed below and ordering a free credit report. Experian, Trans Union and Equifax do not necessarily share information with one another, so for a comprehensive view of your credit score, it is recommended that you contact all three institutions. When reviewing your credit reports, look for accounts you didn't open, purchases you don't recall making, inquiries from creditors you didn't request or authorize, and inaccurate personal information, such as your home address and Social Security number.

You can also place free fraud alerts on your credit files. This helps protect your credit by requiring creditors to contact you before opening new accounts. If you detect any suspicious activity on an account, you should promptly notify the financial institution or company with which the account is maintained. You also should promptly report fraudulent activity or any suspected incidence of identity theft to proper local law enforcement authorities.

Below is the contact information for each credit reporting agency.

Experian	Trans Union	Equifax
To order a credit report: 888-397-3742	To order a credit report: 877-322-8228	To order a credit report: 800-685-1111
To place a fraud alert: 888-397-3742	To place a fraud alert: 800-680-7289	To place a fraud alert: 888-766-0008

If your credit report reflects suspicious activity, you should follow the steps recommended by the credit reporting agency. You can learn more about identity theft by visiting <http://www.ftc.gov/bcp/edu/microsites/idtheft/> or calling 1-877-FTC-HELP (877-382-4357).

Please also be aware that when a security breach happens, some criminals seek to fraudulently obtain personal information of affected individuals by claiming to be the business experiencing the breach. We advise you NOT to respond to any requests from entities requesting your sensitive personal information in relation to this breach. No one from FXG, Workscape or anyone legitimately contacting you on either's behalf will contact you and ask you for your Social Security number or other sensitive personal information with regard to this incident. We will only ask for such information if it is necessary to respond to questions from you about how the incident may have impacted you. If you receive any suspicious-looking written or electronic requests purporting to be from FXG, please call us at 1-800-228-1051. Note: If you decide to enroll in the credit

monitoring service you will be required to provide your Social Security number to verify your identity.

Again, we have no knowledge that the information affected has been further accessed, used or disclosed.

We deeply regret this incident has occurred and reaffirm our commitment to protect the personal information you entrust to us. FXG has set up a hotline which will operate Monday through Saturday, from 7:30 a.m. until 8:30 p.m. EDT. Please call 1-800-228-1051 with any questions regarding this notice or this matter. You can also send questions via email to hrwebquestions@fedex.com. When contacting FXG either by telephone or email, please provide or reference the Experian activation code that appears in the green box on the attached flyer. You can also contact the FTC at 1-877-ID-THEFT (877-438-4338) or by mail at Federal Trade Commission – Consumer Response Center, 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You may also contact or learn more information about identify theft from your state's Attorney General.

Massachusetts Residents

Residents of Massachusetts should also be aware that state law allows consumers to place a security freeze on their credit reports. A security freeze prohibits a credit reporting agency from releasing any information from a 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.

If you are the victim of identity theft, you have the right to file a police report and obtain a copy of it. If you do so 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.

Maryland Residents

You may contact (by mail) the Office of the Maryland Attorney General – Consumer Protection Division, 200 St. Paul Place, Baltimore, MD 21202; by phone at 1-888-743-0023; or online at www.oag.state.md.us.

North Carolina Residents

You may contact (by mail) the North Carolina Office of the Attorney General – Consumer Protection Division, 9001 Mail Service Center, Raleigh, N.C. 27699; by phone at 1-877-566-7226; or online at www.ncdoj.com.

Sincerely,

Brian Boeglin
Vice President, Human Resources

Prepared for <Full Name>

Offering Free Credit Monitoring by Experian ProtectMyID™ for One Year

To help protect your identity, a free one-year membership in Experian's ProtectMyID™ Elite is being offered to you. Enrollment in ProtectMyID™ may help detect possible misuse of your personal information and provides you with superior identity protection services focused on immediate identification and resolution of identity theft.

Free ProtectMyID™ Membership Enrollment Instructions

- Visit www.protectmyid.com/enroll or call 1-877-441-6943
- Provide the following activation code: <activation code>
- Enroll by September 30, 2011

ProtectMyID™ membership provides:

- **Daily monitoring** of your credit report for 50 leading indicators of identity theft.
- **Credit Report:** A free copy of your Experian credit report.
- **Surveillance Alerts™**
 - **Credit:** Alerts you of suspicious activity including new inquiries, newly opened accounts, delinquencies, or medical collections.
 - **Internet Scan:** Alerts you if your social security number or credit and/or debit card numbers are found on sites where compromised data is found, traded or sold.
 - **Change of Address:** Alerts you of any changes in your mailing address or if an Internet scan detects that your information may have been found in an online forum where compromised credentials are traded or sold.
- **Identity Theft Resolution:** If you have been a victim of identity theft, you will be assigned a dedicated, U.S.-based Experian Identity Theft Resolution Agent who will walk you through the fraud resolution process, from start to finish.
- **Lost Wallet Protection:** If you ever misplace or have your wallet stolen, an agent will help you cancel your credit, debit and medical insurance cards.
- **\$1 Million Identity Theft Insurance*:** As a ProtectMyID™ member, you are immediately covered by a \$1 million insurance policy that can help you cover certain costs including, lost wages, private investigator fees, and unauthorized electronic fund transfers.

Once your enrollment in ProtectMyID™ is complete, you should carefully review your credit report for inaccurate or suspicious items. If you have any questions about ProtectMyID™, need help understanding something on your credit report or suspect that an item on your credit report may be fraudulent, please contact Experian's customer care team at 1-877-441-6943.

* Identity theft insurance is underwritten by insurance company subsidiaries or affiliates of Chartis, Inc. The description herein is a summary and intended for informational purposes only and does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for terms, conditions, and exclusions of coverage. Coverage may not be available in all jurisdictions.