

July 1, 2008

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

J. Beckwith Burr

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beckwith.burr@wilmerhale.com

Re: Notification of Information Security Incident

To whom it may concern:

Houghton Mifflin Harcourt (HMH), a publishing company based in Boston, will begin notifying individuals whose information may have been compromised by a worldwide Internet-based attack that affected one of its websites. The purpose of this letter is to notify you, pursuant to New Hampshire Stat. § 359-C:20(I)(b), of the approximate date of the notice to be sent to New Hampshire residents and the approximate number of residents affected.

On April 25, 2008, HMH's Information Security group learned of a worldwide Internet-based attack that affected one of its non- e-commerce websites. Within minutes, HMH took steps to secure the affected databases. HMH has reported this matter to the U.S. Secret Service and state law enforcement, who are actively investigating the incident.

As part of its internal investigation, which is still ongoing, HMH retained digital forensics experts to collect and analyze data from the relevant computer systems. They have determined that social security numbers for approximately 194 individuals affiliated with Harcourt Trade, 2 of whom are New Hampshire residents, were in a company database on the affected computer server, and may have been compromised as a result. HMH has no evidence to date to suggest that the data has been misused.

Since learning of the incident, HMM has:

1. Reported this matter to the U.S. Secret Service and state law enforcement;
2. Cooperated with law enforcement, which is actively investigating the incident;
3. Conducted a thorough investigation of the incident, including an assessment of whether or not the theft created any prospective data security risk;
4. Identified the sensitive personal information about individuals stored on the affected server; and
5. Made arrangements to notify affected individuals about the incident in accordance with state laws, offer premium credit monitoring, ID theft insurance, and ID theft

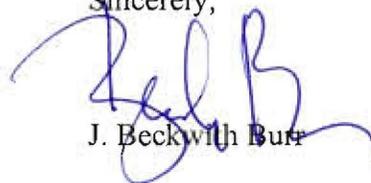
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resolution services, and provide additional information about prevention and detection of ID theft including information about credit alerts and credit freezes.

HMH is continuing to work with information security professionals to review current policies and procedures to identify steps that can be taken to better protect against incidents of this kind.

We have attached a copy of the notification letters to be sent to affected individuals on July 1, 2008. If you have additional questions about this incident, please feel free to call me at (202) 663-6695.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Beckwith Burr". The signature is stylized and cursive, with a large initial "J" and "B".

J. Beckwith Burr



HOUGHTON MIFFLIN HARCOURT

Trade and Reference Publishers

Gary Gentel
President

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Boston, MA 02116
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gary_gentel@hmco.com
www.hmco.com

[First Name] [Last name]
[Address Line 1]
[Address Line 2]
[City], [State] [zip]

July 1, 2008

Dear [First name] [Last name],

I am writing to tell you that Houghton Mifflin Harcourt Publishing Company's ("HMH") Information Security group has learned of a worldwide Internet-based attack that affected one of our non- e-commerce websites on April 25, 2008. Immediately after the incident occurred, HMH retained digital forensics experts to collect and analyze data from the relevant HMH computer systems. Following a comprehensive assessment, they determined that your social security number was contained in an internal database on the affected server, and may have been compromised as a result.

We apologize and deeply regret that this happened. Please be assured that we have been and continue actively investigating this incident and reviewing our policies and procedures to identify and correct any potential vulnerability and to protect against intrusions of this sort. We also have reported this matter to the U.S. Secret Service and state law enforcement, who are actively investigating the incident.

Although we do not know whether any of your information has been misused, we are committed to doing what we can to make sure support is available to you that will help you monitor your credit and so that you know how to respond if you identify any problems.

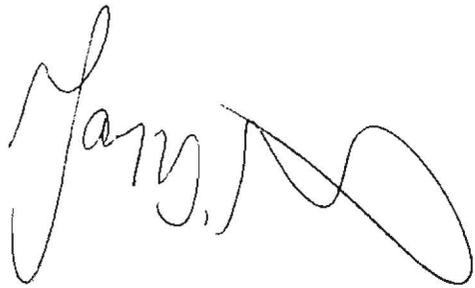
To help protect you from the misuse of your personal information, we have arranged for Consumerinfo.com, Inc., an Experian® company, to provide you with a personal credit monitoring product, for two years, free of charge. The product includes identity theft insurance provided by Virginia Surety Company, Inc.

Information about how to enroll in this product is included with this letter. I encourage you to read about this product carefully and to take advantage of this opportunity to enroll and help

protect your personal information. In order to sign up, you will need the personal enrollment code included in the service description attached.

Again, we deeply regret any inconvenience caused to you by this incident. We value your contributions to Houghton Mifflin Harcourt, and are aware of the trust you place in us. I have asked our editors to reach out directly to everyone affected by this matter and I hope they will be or already have been able to answer your questions. As referenced above, we have arranged with Consumerinfo.com, Inc. to provide credit monitoring and fraud resolution assistance. Please call Consumerinfo.com, Inc. at the number on the attached information sheet to enroll and find out more about the product. If you have remaining questions that are not about the Experian credit monitoring product, please call your contact at HMH, or my office, and we will try to find answers for you as quickly as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Gentel". The signature is fluid and cursive, with a large loop at the end.

Gary Gentel
President, Trade and Reference Division
Houghton Mifflin Harcourt Publishing Company

CREDIT MONITORING AND FRAUD RESOLUTION ASSISTANCE

Houghton Mifflin Harcourt has contracted with ConsumerInfo.com, Inc., an Experian® company, to provide you with two years of free credit monitoring.

We encourage you to take advantage of the free credit monitoring membership. You must enroll online or by phone within ninety (90) days from the date of this letter. Unfortunately, according to federal law, we are not able to activate this membership for you.

You may enroll online, or by telephone, seven days per week. You will be asked for an Activation Code for this membership, regardless of the enrollment method you choose. Your personal credit monitoring activation code is XXXXXXXXXX.

- To sign up online, please visit <http://partner.consumerinfo.com/premium>. If you sign up online, all credit reports and alerts will be delivered via email.
- To sign up by telephone, call toll-free 866-584-9479. If you sign up by telephone, all credit reports and alerts will be delivered by the US mail.

This credit monitoring membership will monitor and alert you about key changes in your three national credit reports that may help you to identify any fraudulent activity. The complimentary two-year membership in Triple AdvantageSM Premium includes:

- Daily monitoring of your three national credit files from Experian, Equifax[®] and TransUnion[®]
- Notifications alerting you of any key changes to your credit reports which may help to identify possible fraudulent activity
- Monthly “no hit” alerts confirming the absence of key changes
- Monthly trending of your credit score
- One, free three-bureau credit report upon enrollment and unlimited access to your Experian credit report for the duration of the membership
- Access to a dedicated team of fraud resolution representatives if you should become a victim of identity theft
- \$25,000 in identity theft insurance* with no deductible provided by Virginia Surety Company, Inc. (Please note that certain limitations and exclusions apply. *In addition, due to New York state law restrictions, identity theft insurance coverage cannot be offered to residents of New York.)
- Helpful information on safeguarding your personal information from identity theft, as well as various financial calculators and tools

ADDITIONAL INFORMATION ABOUT PROTECTING YOUR IDENTITY

- As always, you should remain vigilant by closely reviewing your bills and account statements upon receipt, and monitoring your credit reports, for unauthorized or suspicious activity, which may indicate fraud or identity theft.
- You may also wish to consider contacting your vendors and financial institutions, such as your bank and credit card companies, regarding this security incident. But, in order to minimize the risk of harm to you, we recommend that you only provide this information on a need-to-know basis.
- You can request a free credit report annually from each of the three credit reporting companies. Even if you do not find any suspicious activity on your initial credit reports, the Federal Trade Commission (FTC) recommends that you check your credit reports periodically, which can help you spot problems and address them quickly. These reports can be obtained by visiting www.annualcreditreport.com or by contacting each of the three companies directly. The credit reporting companies can be reached by calling:

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

Experian
P.O. Box 9554
Allen, TX 75013
www.experian.com
1-888-397-3742

TransUnion
P.O. Box 2000
Chester, PA 19022
www.transunion.com
1-800-680-7289

- If you find suspicious activity on your credit reports or have reason to believe your information is being misused, file a report of identity theft with your local law enforcement and provide a copy of the report. You should file a complaint with the FTC at www.ftc.gov/idtheft or at 1-877-ID-THEFT (877-438-4338). Your complaint will be added to the FTC's Identity Theft Data Clearinghouse, where it will be accessible to law enforcers for their investigations.
- The Federal Trade Commission (FTC) recommends that you also consider placing a fraud alert on your credit file, which tells creditors to contact you before they open any new accounts or change your existing accounts. (Please note, however, that this may delay your ability to obtain credit.) You can place a fraud alert by calling any one of the three major credit bureaus. As soon as one credit bureau confirms your fraud alert, it will notify the other two, which must then place fraud alerts in your file.

An initial alert stays in your file for at least 90 days. To place an initial alert, you will be required to provide appropriate proof of your identity, which may include your Social Security number. If you ask for an extended alert, you will have to provide an *identity theft report*, which includes a copy of a report you have filed with a federal, state, or local law enforcement agency, and additional information a consumer reporting company may require you to submit.

- Finally, all of the major credit reporting companies also offer you the opportunity to freeze your credit file, which prevents the release of your credit report without your consent. You should be aware that a freeze and the process required to lift it in order to release your report may delay or interfere with approval of subsequent requests for credit (including point of sale credit), insurance, government services or payments, housing, employment, utilities and phone bills. Each of the three credit reporting companies has its own process for requesting a freeze. Please refer to the websites of each company for complete instructions.

Other Information

The FTC's website at <http://www.ftc.gov/bcp/edu/microsites/idtheft> contains a great deal of helpful information about identity theft prevention. Suspected identity theft should be reported to the FTC or other law enforcement authorities. The FTC's contact information is as follows:

Identity Theft Clearinghouse
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-ID-THEFT (438-4338)