

April 25, 2012

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PRIVILEGED & CONFIDENTIAL

Office of the Attorney General
33 Capitol Street
Concord, NH 03301
Attn: Attorney General Michael A. Delaney

Re: Incident Notification

Dear Attorney General Delaney:

Our client, Choice Hotels International, maintains a database that facilitates guest reservations and other guest programs. To protect the security of personal information that might be necessary to make a reservation, Choice Hotels' policy requires information such as a credit card number to be entered into an encrypted field in the database. Choice Hotels learned that for less than 0.001% of guest stays, guest information that should have been entered into the encrypted field was not. Because Choice Hotels did not detect these limited instances, certain mailings sent to guests by Choice Hotels or one of its marketing partners could have inadvertently printed one of the following data elements of a guest on an envelope: credit card number, driver's license number, passport number, or Social Security number.

Immediately upon discovering this issue in late December 2011, Choice Hotels stopped using this database for marketing efforts and retained an expert computer database firm to assist in finding and removing guest information that should have been stored in an encrypted field. The exhaustive forensic analysis of the database by a leading forensic company, Kroll Advisory Solutions, was complex and time-consuming. The process involved collecting 194 GB of data, developing algorithms to search through 3 billion rows of data for information in the wrong fields, analyzing and verifying the accuracy of the results, and then using the results to clean up the database. The forensic experts worked overtime and on weekends to complete the analysis, but a large percentage of the investigatory time was consumed by the amount of time it took computers to execute the searches due to the large volume of data. Since discovering this incident, Choice Hotels has also instituted new controls that further restrict the use of the database.

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Attorney General Delaney
April 25, 2012
Page 2

Choice Hotels is not aware of any reports that the personal information in question has been obtained by an unauthorized person or misused as a result of this incident, however, out of an abundance of caution, it is notifying all individuals whose information had been incorrectly entered into the database and offering them one year of free credit monitoring through TransUnion.

To prevent this from happening in the future, Choice Hotels has conducted a comprehensive internal review of its practices and procedures related to securing the privacy and confidentiality of personal information provided to it.

Because of the nature of the database, the complex and exhaustive forensic analysis required to determine the scope of the incident and restore the integrity of the database, and the time required to accurately identify the potentially affected individuals, Choice Hotels was not reasonably able to issue this notice to approximately 59 New Hampshire residents until now. Notification is being sent to those residents in substantially the form enclosed herein.

Sincerely,

A handwritten signature in black ink that reads "Theodore J. Kobus III". The signature is written in a cursive style with a large, looped initial 'T'.

Theodore J. Kobus III

rao

Enclosure

CHOICE HOTELS

I N T E R N A T I O N A L .

April 25, 2012

SS83089LVI-0123456 T-

SAMPLE A SAMPLE



123 ANY ST

APT ABC

ANYTOWN, US 12345



Dear Sample A Sample.

Choice Hotels International is one of the world's largest lodging franchisors, operating such well-known hotel brands as Comfort Inn, Comfort Suites, Sleep Inn, and Econo Lodge. In connection with best serving our guests, we recognize the importance of securing the privacy and confidentiality of the sensitive personal information provided to us. Regrettably, we are writing to inform you of an incident possibly involving some of that information.

Choice Hotels maintains a database that facilitates guest reservations and other guest programs. To protect the security of personal information that might be necessary to make a reservation, Choice Hotels' policy requires information such as a credit card number to be entered into an encrypted field in the database. Choice Hotels has learned that, for a small percentage of guest stays, guest information that should have been entered in the encrypted field was not. Because Choice Hotels was not aware of these limited instances, when Choice Hotels or one of its marketing partners sent something to you by mail, personal information, such as a your [credit card number, driver's license number, Social Security number, passport number, or combination of elements], could have inadvertently been printed on the envelope sent to your attention at your address.

Immediately upon discovering this issue in late December 2011, we stopped using this database for marketing efforts and retained an expert computer database firm to assist us in removing guest information that should have been stored in an encrypted field. The exhaustive forensic analysis of our guest database by a leading forensic company was a complex and time-consuming process that involved collecting the data, developing algorithms to search for information in the wrong fields, analyzing and verifying the accuracy of the results, and then using the results to clean up the database. Since then, we have also instituted new controls that further restrict the use of the database.

Furthermore, we are not aware of any reports that the personal information in question has been misused as a result of its possible inclusion in a mailing sent to your attention. It is also possible that no mailings were sent to you at all. However, out of an abundance of caution, we have arranged for you to enroll, at no cost to you, in a three-bureau credit monitoring service for one year provided by TransUnion Interactive, a subsidiary of TransUnion, one of the three major nationwide credit reporting companies. To enroll in this free service, go to the TransUnion Monitoring website at www.transunionmonitoring.com and in the space referenced as "Activation Code", enter the following 12-letter Activation Code **ABCDEFGHIJKL** and follow the simple steps to receive your services online within minutes.

(OVER PLEASE)



If you do not have access to the Internet and wish to enroll in a similar offline, paper based, three-bureau credit monitoring service, please call the TransUnion Fraud Response Service hotline at 1-800-242-5181 Monday through Friday, 9:00 a.m. to 7:00 p.m. Eastern time (closed on all U.S. observed holidays). Please enter or say the following six-digit telephone pass code XXXXXX when prompted. You can sign up for the online or offline credit monitoring service anytime between now and **July 31, 2012**. Unfortunately, due to privacy laws, we cannot register you directly. Please note that credit monitoring services might not be available for individuals that do not have a credit file with TransUnion, or an address in the United States (or its territories) and a valid Social Security Number.

Once you are enrolled, you will be able to obtain one year of unlimited access to your TransUnion credit report and credit score. The daily 3-bureau credit monitoring service will notify you if there are any critical changes to your credit files at TransUnion, Experian, and Equifax, including fraudulent activity, new inquiries, new accounts, new public record, late payments, change of address and more. The service also includes up to \$25,000 in identity theft insurance with no deductible. (Certain policy limitations and exclusions may apply.)

Even if you choose not to take advantage of this free credit monitoring service, we recommend that you remain vigilant to the possibility of fraud and identity theft by reviewing your credit report and credit card, bank, and other financial statements for any unauthorized activity. You may also obtain a copy of your credit report, free of charge, once every 12 months from each of the three nationwide credit reporting companies. To order your annual free credit report please visit www.annualcreditreport.com or call toll free at 1-877-322-8228. Contact information for the three nationwide credit reporting companies is as follows:

Equifax	Experian	TransUnion
PO Box 740256	PO Box 9554	PO Box 6790
Atlanta, GA 30374	Allen, TX 75013	Fullerton, CA 92834
www.equifax.com	www.experian.com	www.transunion.com
1-800-525-6285	1-888-397-3742	1-800-680-7289

If you believe you are the victim of identity theft or have reason to believe your personal information has been misused, you should immediately contact the Federal Trade Commission and/or the attorney general's office in your home state. Contact information for the Federal Trade Commission is as follows:

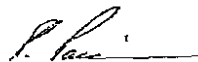
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
www.ftc.gov
1-877-438-4338

You can obtain information from these sources about steps an individual can take to avoid identity theft as well as information about fraud alerts and security freezes. You should also contact your local law enforcement authorities and file a police report. Obtain a copy of the police report in case you are asked to provide copies to creditors to correct your records.

(NEXT PAGE PLEASE)

We want to assure you that we are taking this matter very seriously and have conducted a comprehensive internal review of our practices and procedures to prevent this from happening again in the future. If you have any questions, please call 1-800-242-5181 Monday through Friday, 9:00 a.m. to 7:00 p.m. Eastern time and enter the following six-digit telephone pass code XXXXXX when prompted.

Sincerely,



P. Pacious
Executive Vice President
Global Strategy and Operations

