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WWW.KINETICS.NET

<<Name>>
<<Address>>

February [redacted], 2018

Re: Notice of Data Incident

Dear <<First Name>> <<Last Name>>:

What happened?

Kinetic Systems, Inc. (“Kinetics” or “we” or “our”) received notice on February 1, 2018, that an inadvertent data exposure occurred on January 25, 2018 (the “Incident”). We experienced a “phishing” attack - - *via* fraudulent email a scammer posed as an Officer of Kinetics, and obtained personal information of current and past employees who worked at Kinetics during 2017.

What information was involved?

We believe the personal information breached included W-2 information, including name, Social Security number, employee number, and wage information.

What are we doing?

We are continuing to monitor the situation carefully. Although the risk of data breaches cannot be eliminated altogether, we have taken procedural, policy, and technical steps to minimize the risk that this kind of exposure happens again at Kinetics. To demonstrate our commitment to you, we have also engaged Kroll Information Assurance, LLC (“Kroll”), a company that specializes in Breach Response services, to offer you two (2) years of credit and identity monitoring services, at our sole cost. Your credit and identity monitoring services include Credit Monitoring, Web Watcher, Identity Consultation and Identity Restoration. Kroll will be sending additional information in the coming week about how to enroll in these services. There will also be a call center available for you to answer your questions. Kroll will be providing additional information on the call center.

What can you do?

We want you to be aware that because of the Incident, there is a possibility of: (1) identity theft, and (2) fraudulent filing of your tax information. We recommend that you remain vigilant for incidents of fraud, identity theft, and fraudulent tax filings, by reviewing your account statements and monitoring free credit reports, as detailed below. If you notice suspicious activity in your financial records, you should report it immediately any financial institution involved. Because of the nature of this Incident, we are particularly concerned that someone may try to use this exposed information to file taxes and request a tax return in your name. We encourage you to file your taxes early.

You can also place a credit freeze on your credit report. You can do so by contacting **each** of the credit agencies listed below. A credit 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 credit freeze may delay, interfere with, or prevent the timely approval of any requests you make for new loans, credit mortgages, employment, housing or other services. The credit reporting agencies may also charge a fee to place a freeze, temporarily lift a freeze that has been placed, or permanently remove it, but Kinetics will reimburse you for any such charge during the two year monitoring period.

You may also place a fraud alert on your credit report. A fraud alert tells creditors to follow certain procedures like contacting you before they open any new accounts or change your existing accounts. For example, when a creditor receives a request to change one of your existing accounts, before making the

change that creditor may call you to verify that you requested a change to your existing account. You can place a fraud alert with one of the credit agencies listed below and that agency will alert the other two agencies.

You can also contact the Federal Trade Commission (“FTC”) and your state’s attorney general to obtain information about how to prevent identity theft. You may also call your local sheriff’s office and file a police report of identity theft, keeping a copy of the police report.

You may contact the FTC at Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580, or at 1-877-IDTHEFT (438-4338), or by visiting www.consumer.ftc.gov

You can find information on your state attorney general by visiting the National Association of Attorneys General website at <http://www.naag.org/naag/attorneys-general/whos-my-ag.php>.

For North Carolina residents: You may contact the North Carolina Office of the Attorney General, Consumer Protection Division, at 9001 Mail Service Center, Raleigh, NC 27699-9001, or at 1-877-566-7226, or by visiting www.ncdoj.com.

For Maryland residents: You may contact the Maryland Office of the Attorney General, Consumer Protection Division, 200 St. Paul Place, Baltimore, MD 21202, or at 1-888-743-0023, or by visiting www.oag.state.md.us.

For Iowa residents: You are advised to report suspected incidents of identity theft to local law enforcement or the Iowa attorney general.

For Oregon residents: You are advised to report suspected identity theft to law enforcement, including the Oregon attorney general and the FTC.

You may also obtain a copy of your credit report, free of charge, whether or not you suspect any unauthorized activity on your account. You may obtain a free copy of your credit report, once every 12 months from each of the agencies, by contacting any one of the following national consumer reporting agencies:

Experian: www.experian.com or 1-888-397-3742 or P.O. Box 4500, Allen, TX 75013

TransUnion: www.transunion.com or 1-800-680-7289 or TransUnion LLC, P.O. Box 1000, Chester, PA 19016

Equifax: www.equifax.com or 1-800-525-6285 or Equifax Information Services LLC, P.O. Box 740241, Atlanta, GA 30374-0241

You can also order a free credit report by visiting www.annualcreditreport.com, by calling toll-free at 1-877-322-8228, or by mailing a completed Annual Credit Report Request Form (available at <https://www.consumer.ftc.gov/articles/pdf-0093-annual-report-request-form.pdf>) to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

For more information: you may email us at securityincident@kinetics.net. You may also contact Michael Garey, Global HR Vice President at 510-683-6002.

On behalf of Kinetic Systems, we sincerely apologize for any inconvenience this incident might have caused, and promise that we are working diligently to maintain protection for your data.

Thank you,

Kinetics Management Team