

J. Andrew Heaton
Associate General Counsel

By Fax and Overnight Delivery

February 10, 2006

Roy Cooper, Esq.
Attorney General
North Carolina Department of Justice
Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001

FEB 16 2006

Dear Mr. Cooper:

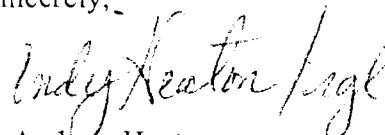
In accordance with N.C. Gen. Stat. § 76-65, we are providing you with written notification regarding the nature and circumstances of a recent crime that may have resulted in the unauthorized acquisition of certain personal information. Our outside legal counsel previously reported this matter to your office by phone.

In early January 2006, a laptop computer was stolen from the locked car of one of our employees. We immediately began working to identify the personal information we believe was contained in files on the laptop. Based on these activities, we determined that the laptop contained files relating to a number of Ernst & Young corporate clients, and that these files contained various personal information relating to employees of those clients. We also determined that the laptop contained a separate file with the names and Social Security numbers of individuals for whom Ernst & Young provided services. The laptop required a password to use it, and the password was not stored with the laptop. At this time, we have no indication that any information on the laptop has been misused or even accessed.

With respect to the corporate client files, we are working with our corporate clients to notify the individuals who are potentially affected by this incident. With respect to the other file, we will be notifying in writing within the next few days the individuals whose information was contained in that file. A sample of the notification letter is attached for your information. As the letter indicates, we have established a call center to handle inquiries from potentially affected individuals, and we are offering those individuals one year of credit monitoring at no charge to them.

If you have any questions, please do not hesitate to contact me at 202-327-7611.

Sincerely,



J. Andrew Heaton

Enclosure

February 9, 2006

NAME
TITLE
COMPANY
ADDRESS 1
ADDRESS 2
ADDRESS 3
CITY, STATE ZIP
COUNTRY

Dear Name:

We are writing to inform you that an Ernst & Young employee recently had a laptop containing personally identifiable information stolen from their locked car. We believe that a file containing your name and Social Security number was stored on the laptop. The file name gave no indication of its contents. No other information about you was included in this file. We have reported this crime to law enforcement authorities and are working with them on this matter.

The stolen laptop requires a password to use it, and it appears that the theft was a random criminal act. We have no reason to believe that any of the information on the laptop has been accessed or misused.

Ernst & Young takes the security and privacy of our clients' personal information very seriously and deeply regrets that this incident has occurred. To assist you so you can take steps to protect against possible identity theft, we have taken the following steps:

- We have set up a call center with a special toll-free number – (866) 317-1689, or if you are outside the United States and Canada, +1 (201) 872-0161 – to assist you with questions or concerns you may have related to this incident. Our call center will be staffed from 9:00 a.m. to 8:00 p.m. Eastern time, Monday through Friday, from now until May 1. Callers may leave a message after hours and they will receive a call back on the next business day.
- We have contacted the three major U.S. credit bureaus to inform them of this incident. Upon a request from you, the agencies will place a "fraud alert" on your file which alerts creditors to take additional steps to verify your identity prior to granting credit in your name. There is no charge to you for this service. Should you wish to place a fraud alert, contact any one of the following bureaus:

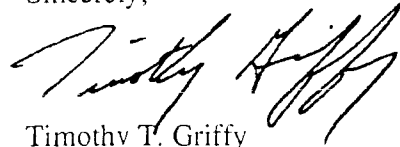
<i>Agency</i>	<i>Toll-Free</i>	<i>International Toll</i>	<i>Website</i>
Experian	888-397-3742	N/A	www.experian.com
Equifax	800-525-6285	404-885-8709	www.equifax.com
TransUnion	800-680-7289	N/A	www.transunion.com

- We have arranged for you, at your option, to enroll in credit monitoring, at no cost to you, for the next year. Once you enroll, you will receive communications detailing any key changes to your credit reports from all three credit bureaus. If there is no activity, you will be updated on a monthly basis. To enroll in this service, please contact our call center to obtain instructions and a promotion code and then register at <http://partner.consumerinfo.com/ey>.

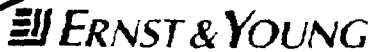
You are also entitled under U.S. law to one free credit report annually from each of the three major credit bureaus. To order your free credit report, visit www.annualcreditreport.com or call toll-free (877) 322-8228. For additional information on how to further protect yourself against identity theft, you may wish to visit the web site of the U.S. Federal Trade Commission at www.consumer.gov/idtheft/.

Again, we deeply regret any inconvenience or concern this incident may cause you.

Sincerely,



Timothy T. Griffy
Americas Vice Chair,
Quality & Risk Management



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J. Andrew Heaton
Associate General Counsel

March 24, 2006

Joshua H. Stein
Senior Deputy Attorney General
Consumer Protection Division
Department of Justice
State of North Carolina
9001 Mail Service Center
Raleigh, NC 27699-9001

By Fax: 919-716-6050

Dear Mr. Stein:

Thank you for your time on the phone earlier this week. We have followed up with our corporate clients, and based on the best information I have received I believe that notifications to North Carolina individuals will be completed today. There are 40 additional North Carolina notifications, which brings our overall total to 863. This total includes both the E&Y direct notifications and all of the corporate clients except for Goldman Sachs, which was separately reported, and two clients that handled notifications without our assistance. (We have been told by both of these clients that notifications were completed.) Of the 40, 39 were mailed yesterday and one additional notification is going out today.

We are continuing to monitor the situation closely, including monitoring our mail for any notifications returned as undeliverable. Should we determine that any North Carolina individual has not received notification.

Please let me know if you need any further information.

Sincerely,

J. Andrew Heaton by ellm
J. Andrew Heaton