

**North Carolina Security Breach Reporting Form
Pursuant to the Identity Theft Protection Act of 2005**

Name of Business Owning or Licensing Information Affected by the Breach: Life is good, Inc.
Address: 15 Hudson Park Drive
Hudson, NH 03051
Telephone: (603) 594-6100
Fax: (603) 579-4714
Email: koliver@lifeisgood.com

PLEASE SUBMIT FORM TO:
Consumer Protection Division
NC Attorney General's Office
9001 Mail Service Center
Raleigh, NC 27699-9001
Telephone: (919) 716-6000
Toll Free in NC: (877) 566-7226
FAX: (919) 716-6050

Date Security Breach Reporting Form submitted: 9/13/06; initial correspondence
Date the Security Breach was discovered: 8/17/06 8/23/06
Estimated number of affected individuals: 9,240
Estimated number of NC residents affected: 328

Name of business maintaining or possessing information that was the subject of the Security Breach, if the business that experienced the Security Breach is not the same entity as the business reporting the Security Breach (pursuant to N.C.G.S. § 75-65(b): n/a

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format: electronic; see attached

Regarding electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner. yes If so, please describe the security measures protecting the information: A password was required to gain access to the information.

Describe any measures taken to prevent a similar Security Breach from occurring in the future: see attached

Date affected NC residents were/will be notified: notice mailed 8/30/06

If there has been any delay in notifying affected NC residents, describe the circumstances surrounding the delay pursuant to N.C.G.S. § 75-65(a) and (c): n/a

If the delay was pursuant to a request from law enforcement pursuant to N.C.G.S. § 75-65(c), please include the written request or the contemporaneous memorandum.

How NC residents were/will be notified?
(pursuant to N.C.G.S. § 75-65(e))

- written notice
 electronic notice (email)
 telephone notice
 substitute notice

Please attach copy of the notice if in written form or a copy of any scripted notice if in telephonic form.

Signature: Karen Oliver Date: 9.13.06
Contact Person, Title: Karen W. Oliver, General Counsel
Address: same as above

(if different from above)

Telephone: (603) 594-6134 Fax: _____ Email: _____

North Carolina Security Breach Reporting Form
Pursuant to the Identity Theft Protection Act of 2005
Continuation of Responses

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format:

We received several calls from customers whose credit card companies had contacted them about an unusual or suspicious charge immediately following a transaction with us. We determined that unauthorized persons had gained access to a Life is good, Inc. (Lig) online computer database that required a password to enter. We immediately shut down all access to this database while we investigated. We determined that the unauthorized access was achieved by either SQL injection or deciphering a password.

Describe any measure taken to prevent a similar Security Breach from occurring in the future:

All remote access to the database was disabled by inserting new IP address restrictions. All Lig employees with passwords were required to change their passwords. Customers' existing credit card information was deleted from the database and a new SQL trigger was created to prevent future breaches.



September 13, 2006

Attorney Kim Darruda
North Carolina Attorney General
Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001

Dear Attorney Darruda:

Enclosed please find the completed Security Breach Reporting Form. Please do not hesitate to contact me if you require any thing further in this regard. Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Karen W. Oliver".

Karen W. Oliver, General Counsel

Enclosure

cc: Roy Heffernan, C.O.O.

Life is good, Inc.

15 HUDSON PARK DRIVE HUDSON, NH 03051

T 603 594 6100 F 603 579 4714 Toll-free 1 800 606 4604