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FILE

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STATE OF PENNSYLVANIA
CONSUMER PROTECTION DIVISION
One Penn Center - 19th Floor
1617 John F. Kennedy Boulevard
Philadelphia, PA 19103-1895
P 215-665-3000
F 215-665-3165
www.obermayer.com

June 20, 2008

Hawaii Department of Commerce
and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

**Re: Notification of Data Security Breach Affecting
Hawaii Residents**

Dear Sir/Madam:

I am writing on behalf of my client Xlibris Corporation ("Xlibris"), a provider of on-demand book publication services. I am writing to provide you with notice of a recent data privacy breach. It appears that the breach occurred when an unknown and anonymous individual at an undetermined location breached Xlibris' security firewall and "hacked" into the database of the Xlibris online bookstore. This individual gained access to the names, addresses, and credit card numbers of approximately four (4) residents of your state who have made purchases from the Xlibris online bookstore.

At this time, there is no indication that any person has used or is using the information removed from Xlibris' database. We are also unaware of any reported incident of identity theft related to this incident.

We have notified the Federal Bureau of Investigation, affected customers and credit bureaus. We are currently in the process of contacting relevant state authorities, including your agency.

Xlibris has taken remedial measures to ensure this incident does not happen again. These measures include enhancing security measures in the online bookstore, purging all credit card information from its system, and hiring an outside consultant to further bolster Xlibris' defenses.

Over a Century of Solutions

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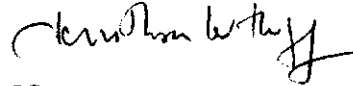
IMPORTANT NOTICE OF PRIVACY BREACH

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Enclosed is a copy of the notice Xlibris previously sent to your residents on or about June 19, 2008. Should you have any questions, please do not hesitate to contact me at 215-665-3261. Thank you.

Very truly yours,



JONATHAN W. HUGG

JWH/lkm
Enclosure

IMPORTANT NOTICE OF PRIVACY BREACH

June 12, 2008

Dear Xlibris Customer:

We are writing to inform you that we have recently become aware of a data privacy breach affecting our customers. It appears that the breach occurred when an unknown and anonymous individual at an undetermined location breached our security firewall and "hacked" into the database of our online bookstore. This individual gained access to the names, home addresses, and credit card numbers of many of our customers who have made purchases from our online bookstore.

WHAT WE ARE DOING TO PROTECT OUR VALUED CUSTOMERS

There is no indication that any person has used or is using the information removed from our database. Nevertheless, to help you prevent and detect misuse of your personal information, we are offering you a free credit monitoring service for a period of one year. You may register for this service by contacting one of our dedicated customer service representatives at 800 768-0679.

We have also reported this incident to law enforcement and have advised the three major U.S. credit bureaus that it has occurred.

ADDITIONAL WAYS TO HELP PROTECT YOURSELF

Besides registering for the free credit monitoring services we are offering, there are several other things you can do to protect yourself against fraud and identity theft:

1. We recommend that you immediately notify your credit card company. You should tell them that your account may have been compromised. You should consider closing your present account and opening a new account with a new credit card number. Your credit card company may be able to issue you a PIN or password to help control access to your new account.
2. We recommend that you immediately contact a credit reporting agency. You should ask them to place a fraud alert on your personal credit files. A fraud alert advises creditors to contact you directly before opening new accounts. You can place a fraud alert on your credit files by contacting any of the three credit reporting agencies. As soon as that agency processes your fraud alert, it will notify the other two agencies, which then also must place fraud alerts in your file. The contact information for the three major U.S. credit bureaus are listed below:

IMPORTANT NOTICE OF PRIVACY BREACH

Equifax
800-525-6285

Experian
888-397-3742

Trans Union
800-680-7289

3. You should remain vigilant about the possibility of fraud and/or identity theft. You should monitor your account statements and credit reports for any unusual activity. If you determine that someone has established a financial account using your identity without your knowledge, you should contact law enforcement, the financial agency, and the three major U.S. credit bureaus to place a fraud alert on your account. For more information on identity theft, we suggest that you visit the Federal Trade Commission ("FTC") at <http://www.ftc.gov/bcp/edu/microsites/idtheft>.

Even if you do not find any suspicious activity on your initial credit reports, the FTC recommends that you check your credit reports periodically. The Fair Credit Transaction Act of 2003 gives consumers the ability to obtain an annual report from each of the three credit bureaus free of charge. Reviewing your credit report will allow you to confirm that no new accounts have been opened without your knowledge and may give you early notice of potential fraud or identity theft. You can order your free credit report by visiting www.annualcreditreport.com or calling 1-877-322-8228.

REMEDIAL MEASURES WE HAVE UNDERTAKEN

Xlibris is committed to maintaining the privacy of your information and will continue to closely monitor this situation. We have taken remedial measures to ensure that this situation does not occur again. These measures include enhancing security measures in the online bookstore, purging all credit card information from our system, and hiring an outside consultant to further bolster our defenses.

We understand that you may have questions or may otherwise want to talk with us about this situation. You are a valued customer and if there is anything that we can do to assist you, please call us at 800 768-0679. You can also check our website at www.xlibris.com for additional information.

We apologize for any inconvenience or stress this unfortunate situation may cause to you.

Sincerely,

JOHN FELDCAMP
Chief Executive Officer
Xlibris Corporation