

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: COLT EXPRESS OUTSOURCING
Address: 40 DEER STORES, INC
400 VALLEY DR, BRISBANE, CA
Telephone: 415-657-4235 94005
Fax: 866-232-3170
Email: cmsmith@bebe.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: July 14, 2008 / JUNE 23, 2008
Date the Security Breach was discovered: 5/26/08
Estimated number of affected individuals: 17,241
Estimated number of NC residents affected: 316

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)): COLT EXPRESS OUTSOURCING, INC

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

Regarding electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner. PASSWORD If so, please describe the security measures protecting the information: _____

Describe any measures taken to prevent a similar Security Breach from occurring in the future: FUNCTION NO LONGER OUTSOURCED / TERMINATION OF VENDOR RELATIONSHIP

Date affected NC residents were/will be notified: JUNE 23, 2008
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))
Please attach copy of the notice if in written form or a copy of any scripted notice if in telephonic form.

written notice
 electronic notice (email)
 telephone notice
 substitute notice

Signature: [Signature] Date: 7/14/08
Contact Person, Title: CM SMITH, SR DIRECTOR COMP, BENEFITS & ENL, ADMIN
Address: 400 VALLEY DRIVE
(if different from above) BRISBANE, CA 94005
Telephone: 415-657-4235 Fax: 866-232-3170 Email: cmsmith@bebe.com



June 23, 2008

Dear Current or Former bebe Associate:

We are writing to inform you that on May 26, 2008 there was a theft of computer equipment at Colt Express Outsourcing Services, Inc. ("Colt") who, at one time administered a portion of bebe's benefit plan services, and to provide you with information you might find helpful.

bebe terminated its relationship with Colt in May 2007. The stolen computers were password protected and contained certain unencrypted information about bebe stores, Inc. and affiliates ("bebe") associates who participated in bebe's Health & Welfare Plan from June 2004 to May 2007. We believe that this included name, address and social security numbers of associates and their dependents. Colt immediately contacted law enforcement in Walnut Creek, California and has been cooperating in their investigation. bebe places the highest importance on respecting and protecting the privacy of our associates and was shocked and outraged to learn of this intrusion at the Colt offices on June 9, 2008.

Colt has represented to us it has undertaken a careful and thorough investigation into the potential risk to bebe's associates whose information was on the computer equipment. While it has not been determined that your information was obtained through this intrusion, out of an abundance of caution we are notifying you so that you may take steps to protect yourself, should you so wish

As does anyone, you have the right to obtain a free copy of your credit report once a year from each credit-reporting agency. You can obtain a free credit report by visiting www.annualcreditreport.com or by calling 1-877-322-8228. The law allows you to order a free credit report from each agency every 12 months. You may order one, two, or all three reports at the same time, or you may stagger your requests during a 12-month period to keep an eye on the accuracy and completeness of the information in your reports. Just call one of the numbers listed in the FAQ's to order your report.

You also have the right, if you so choose, to place an initial "fraud alert" on your credit file. A "fraud alert" lets creditors know that they should contact you before they open a new account in your name. You can do this by calling any one of the three credit reporting agencies at the number below. This will let you automatically place fraud alerts with all three agencies, who will send you information on how you can order a free credit report from each of the agencies. The "fraud alert" will stay on your account for 90 days. After that, you can renew the alert for additional 90-day periods by calling any one of the three agencies (Experian 888-397-3742; Equifax 800-525-6285; Trans Union 800-680-7289).

If you ask for your credit report, look it over carefully. Look for accounts you did not open. Look for inquiries from creditors that you did not initiate. Look for personal information, such as home address, employment or social security numbers, which is not accurate. If you see anything you do not understand, call the credit agency at the telephone number on the report.

If you do find suspicious activity on your credit report, you may want to call your local police or sheriff's office and file a report of identity theft. Get a copy of the police report. You may need to give copies of the police report to creditors to clear up your records.

Even if you do not find any signs of fraud on your reports, the California Office of Privacy Protection recommends that you check your credit reports every three or four months for the next year. For more information on identity theft, we suggest that you contact the California Office of Privacy Protection, whose toll-free number is 866-785-9663. You can visit their website at www.privacy.ca.gov.

You can also contact the Federal Trade Commission at 1-877-FTC-HELP (1-877-382-4357). The FTC website has a special section on identity theft offers helpful information. That site is www.consumer.gov/idtheft/.

Refer to the following FAQ's for more information.

Colt Express Outsourcing Services Security Breach FAQ's - June 23, 2008

Q1: What is this about?

A1: On Memorial Day (May 26, 2008), there was a break-in and theft of computers at Colt Express Outsourcing Services, Inc. ("Colt"), which is a company that bebe stores, inc. ("bebe") hired to administer company benefit plans. The computers that were stolen contained information about bebe associates including their name, address, social security number, date of hire names of dependents and dependent social security numbers. The information included associates who had worked for bebe between June 2004 and May 2007. bebe found out about this theft on June 9, 2008, when Colt sent us a letter describing the incident.

Q2: What is bebe doing?

A2: As a precaution, bebe is providing notification to people whose information may have been in the databases so that if it turns out the information was compromised in any way, they can take appropriate action to protect themselves. Colt has already reported the theft to the Walnut Creek Police Department and is cooperating in the investigation with law enforcement.

Q3: What information was on the computers that were stolen?

A3: The computers contained Group Number, Company Name, Associate SSN, Individual Type, Dependent SSN, Last Name, First Name, Birth Date, Last Hire Date in Colt System, Last Billing Date in Colt System, Relationship, Address1, Address2, City, State, and Zip. We do not know whether the thief was able to access the information on the computers but the computers were password protected, although the data was not encrypted.

Q4: Was health information exposed?

A4: No.

Q5: Were credit card numbers exposed?

A5: No

Q6: Were bank account numbers exposed?

A6: No

Q7: Were drivers license numbers exposed?

A7: No

Q8: If my information was in the file, what should I do?

A8: If you received a letter from bebe then your name was in one of the files that were on one of the computers. Your social security number was also in that file. You should contact one of the three credit reporting bureaus and place a 90-day Initial Fraud Alert on your credit file. That bureau will notify the other two bureaus and will send you confirmation that the alert has been placed along with a free copy of your credit report. Review your credit report carefully to see if there has been any new credit requested. Mark on your calendar to review all this information again every four months. Sometimes identity thieves will wait for time to pass before using your information.

Q9: How will I know if my information was used by someone else?

A9: The best way to find out is to get a copy of your credit report from one of the three credit reporting bureaus. The credit report will show if there has been any new credit requested using your information.

Q10: How do I put a Fraud Alert on my credit report?

A10: US law allows you to put a "fraud alert" on your credit report. This is a free service. A 90-day Initial Fraud Alert puts a statement on your credit file that you may have been or are about to become the victim of identity theft or other fraud. If you specify a telephone number, anyone using your credit report must call that number or take reasonable steps to verify your identity to confirm that a credit application is not the result of identity theft.

After you put a fraud alert on your credit report, you will be asked to provide proof of your identification when you apply for credit. This may limit your ability to apply for instant credit for in-store purchases but it should not interfere with your daily use of existing credit cards or banking accounts.

You can put a 90-day Initial Alert on your credit report by contacting one of the three major credit bureaus. The one you contact will notify the others. This will entitle you to a free credit report. You will receive confirmation of the alert from the bureau you contact. At the end of the 90-day period, you may place an additional Initial Fraud Alert on your credit file. We suggest that you do this every 90 days for at least one year.

Q11: How can I get in touch with the credit bureaus?

A11: There are three major credit bureaus. They are:

Experian:
888-397-3742
P.O. Box 2002
Allen, TX 75013
<http://www.experian.com>

Equifax:
800-525-6285
P.O. Box 740241
Atlanta, GA 30374-0241
<http://www.equifax.com>

Trans Union:
800-680-7289
Fraud Victim Assistance Div
P.O. Box 6790
Fullerton, CA 92834-6790
<http://www.transunion.com>

Q12: Do I have to pay for a credit report?

A12: You are entitled to one free credit report a year from each of the three credit reporting bureaus. This means that you can receive one today from one (e.g. Experian), you can receive another in four months (e.g. from Equifax), and you can receive another in eight months (e.g. from TransUnion). By spacing out your requests for your free credit report, you can monitor your credit over the course of a year. If you want to receive more than one credit report from any of the credit reporting bureaus during the same year, you may have to pay a small charge.

Q13: How long will it take to get my credit report?

A13: You can access your credit report online at www.annualcreditreport.com. You can download or print the report from that site. You may also request the report by telephone (by calling 1-877-322-8228 and answering some questions to verify who you are) or by mail (by downloading the request form from www.annualcreditreport.com and mailing it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281). If you request your report by phone or by mail, it will take approximately two weeks to process the request, so you should allow two to three weeks for delivery to you.

Q14: What is a fraud alert?

A14: A fraud alert is a message added to your credit report that tells anyone who pulls a copy of your credit report telling them that there is possible fraud associated with your account. It gives them a telephone number to call you before issuing any new credit.

A14: 90-day Initial Fraud Alert expires after 90 days. If you have been the victim of identity theft you may be able to place a 7-year fraud alert on your account. You can obtain more information online at <http://www.consumer.gov/idtheft>.

Q15: How long does a fraud alert last?

A15: The Initial Fraud Alert lasts 90 days after it is placed on your report. You can remove the alert by calling the credit bureaus before the 90 days expires. You can place an initial alert every 90 days by calling one of the credit bureaus.

Q16: Will a fraud alert stop me from using my credit cards?

A16: No. However, a fraud alert may interfere with your ability to get immediate credit, for instance if you apply for instant credit at a department store. This is because the department store credit office will have to call you to verify your identity before issuing you credit.

Q17: Can I still apply for credit if I put a fraud alert on my credit report?

A17: Yes. The fraud alert may slow down the process of getting approval for credit because the fraud alert will require that the creditor verify your identity before approving new credit.

Q18: What should I watch out for on my credit report?

A18: Look for any accounts that you do not recognize especially new accounts. Look in the personal information section to see if the residence and employment information is correct or has changed.

These things could be indications of fraud. If you see information you do not understand or that is wrong, call the credit bureau at the number on the report and speak to a staff member. If the information cannot be explained, contact your local police or sheriff's office.

Q19: If someone has used my information, what should I do?

A19: You should immediately notify your local police or sheriff's office and file a report. Get a copy of the police report, because you may need to give a copy to the credit bureaus or creditors. Also, contact one of the three credit bureaus and place a fraud alert on your account. For more information, you can visit the website: www.consumer.gov/idtheft

Q20: Do I have to call all three credit bureaus?

A20: When you call one bureau, it will pass the report on to the other two. You should receive a confirming letter from each of the three bureaus. If you do not receive confirmations from all three credit bureaus, call the bureau that did not confirm the alert.

Q21: Will anyone contact me to ask for my personal information because of this event?

A21: No. Bebe will not contact you unless you call or write to us first. We will never ask for your social security number. If you are contacted directly by someone, who claims to be with Bebe and who asks you for your personal information, please immediately contact your local sheriff's office to report the suspicious contact.

Q22: I have been contacted directly by someone claiming to be from Bebe or a law enforcement agency asking for my personal information (e.g., social security number, etc.). Did you contact me? What should I do?

A22: No. We did not contact you unless you called or wrote us first. We would never have asked for your social security number. If you were contacted directly by someone who claimed to be with Bebe or law enforcement and who asks you for your personal information, please immediately contact us and your local sheriff's office to report the suspicious contact. You may also provide us with your name and telephone number and we will have the appropriate authorities contact you directly. When law enforcement contacts you, they will reference your contact with Bebe.

Q23: I live in MD, what else should I know?

A23: The Office of Attorney General, 200 St. Paul Pl, Baltimore, MD 21202 phone (888-743-0023) www.oag.state.md.us/idtheft.

We have not taken this incident lightly and deeply regret any inconvenience this may cause. We insist that our vendors take the highest precautions in protecting the personal information we share with them. Although bebe has no more information on the matter than contained in this letter and the forgoing FAQ's, you may contact bebe toll-free at 877-548-bebe to discuss any remaining concerns.

Sincerely,

Lou Leideimyer
Vice President human Resources

bebe

400 Valley Drive
Brisbane, CA 94005

bulk rate indicia
here

POSTMASTER, PLEASE DELIVER BY JULY 11, 2008

Name
Add
CSZ