To: Mainway Toys Board of Directors

From: Aaron Coffey

Subject: Network Security Communication Strategy

Date: August 24, 2011

Mainway Toys recently experienced a breach of our network security, potentially compromising the names, addresses, credit card numbers, and birthdates of over five million customers. We have already secured the network and notified our customers and law enforcement officials. With the immediate risk resolved, our objective is to restore our image with the public and assure them that Mainway Toys is committed to protecting customer information.

The most important group to address is our **customers**. Mainway Toys must reassure our customers that the network has been secured and enhanced to protect from future incidents. Furthermore, we will stress that our customers are our most important asset and clearly indicate that we will compensate them for charges linked to the potential release of confidential information from our database. I also recommend that Mainway Toys offer all customers a one-time discount to express our sincere regret for the events that took place. Each of these points should be included in a both a letter and an email to be distributed to all of our customers on record.

We also must restore the confidence of our **shareholders**, who chose to invest in Mainway Toys because of our leading position in the industry. We need to communicate that Mainway Toys remains the leader in online children’s toy sales, and this incident will not detract from our growth potential. A letter summarizing the situation and our response will be sent to each shareholder. The letter will also include recent financial highlights supporting Mainway Toys’ performance and growth prospects.

Mainway Toys **employees** play an important role in maintaining data security. A scan of network activity revealed that a large percentage of Mainway Toys’ employees have not been updating their passwords. Therefore, the system was reconfigured so that passwords must be updated every two months. In addition, a thorough process was developed to ensure consistent processing of customer transactions. We have created a committee to further investigate network security and formulate a comprehensive risk management strategy. A memorandum summarizing these changes has been distributed to each employee.

We will partner with the **media** to quickly deliver our message and proactively address their concerns regarding the network breach. We developed a press release that summarizes the issue and emphasizes our plan to further secure our network. In addition, I propose that we select certain members of the executive management team and board of directors to address any questions the media may have regarding the incident.

Mainway Toys was built not only on our ability to deliver excellent products, but also on our strong devotion to customer service, which includes protecting confidential information. While the recent network breach has brought about some challenges, we also have the opportunity to improve our internal processes and re-position ourselves for even stronger performance in the future. The strategy outlined above will foster a positive profile with each of our stakeholders. I firmly believe that our ability to repair our image and to continue to be the leader in online toy sales lies in our commitment to protecting the information of our customers.