



January 10, 2018

Dear NHS Customer:

Notice of Data Breach

We recently learned that a section of our online store at www.nhsfunfactory.com was subject to an online attack, and as a result, certain customer information may have been accessed by unauthorized parties. NHS deeply regrets that this happened, and we recommend that you closely review the information in this letter.

What Happened?

On December 29, 2017, NHS's third-party e-commerce vendor discovered that our website was the target of a cybersecurity attack aimed at acquiring customer credit card information. NHS was notified of this breach on January 2, 2018. On the same day that we received this information, NHS immediately began to work to investigate and take appropriate corrective steps. During this discovery process, NHS confirmed that unauthorized code was placed onto our e-commerce website which may have captured data from our customers that could have resulted in exposure of personal information.

What Information Was Involved?

1. Through our ongoing investigation, we confirmed that malware may have captured some of your personal information between November 15, 2017 and December 29, 2017. The unauthorized code was immediately removed from our site the day it was discovered, December 29, 2017, and the access point was terminated. The information discovered may include your name, address, credit card information, expiration date and security code (CVV). NHS has since enacted an even more robust payment gateway for our e-commerce website, where credit card data never interacts with our e-commerce website, providing greater protection for our customers.

What We Are Doing.

We take the security of our customers' information extremely seriously, and apologize for the inconvenience this incident has caused. Once we learned of this incident, NHS took immediate action including an internal review of our e-commerce website, remediation of our systems, and sought outside experts to assist us in the investigation to enhance our security measures.

What You Can Do.

While NHS is continuing its investigation into this incident, we recommend that you remain vigilant by the possibility of a fraud by reviewing your credit card account statements for any unauthorized activity. You should immediately report any unauthorized and/or suspicious charges to your financial institution, law enforcement and to your state Attorney General's office.

We highly recommend and encourage you to remain vigilant against incidents of identity theft and fraud, to review your account statements, and to monitor your credit reports for suspicious activity. Under United States law, you are entitled to one free credit report annually from each of the three major credit report bureaus. To order your free credit report, visit www.annualcreditreport.com or call, toll-free, 1-877-322-8228. You may also contact the three major credit bureaus directly to request a free copy of your credit report.

At no charge, you can also have the below three credit bureaus place a "fraud alert" on your file that alerts creditors to take additional steps to verify your identity prior to granting credit in your name. Note, however, that because it tells creditors to follow certain procedures to protect you, it may also delay your ability to obtain credit while the agency verifies your identity. As soon as one credit bureau confirms your fraud alert, the others are notified to place fraud alerts on your file. Should you wish to place a fraud alert, or should you have any questions regarding your credit report, please contact any one of the agencies below:

Equifax
P.O. Box 105069
Atlanta, GA
30348
800-525-6285
www.equifax.com

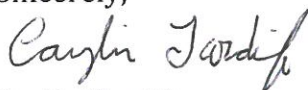
Experian
P.O. Box 2002
Allen, TX 754013
888-397-3742
www.experian.com

TransUnion
P.O. Box
Chester, PA 19022-
2000
800-680-7289
www.transunion.com

For More Information.

We are extremely sorry for any inconvenience or concern this incident may have caused you. If you have questions, please call 831-600-1107 Monday through Friday from 7:00 a.m. to 4:00 p.m. Pacific Standard Time.

Sincerely,



Caylin Tardif
Chief Financial Officer
NHS, Inc.