Notice to Former Hanger Employees who received Equity Incentive Grants during their Employment

January 12, 2011

In November 2010, Hanger Orthopedic Group, Inc. communicated to those affected that a laptop computer containing information about certain current and former Hanger employees had been recently stolen from an employee in its human resources department. At that time, Hanger notified all current employees whose personal information was believed to be on the stolen laptop, mailed notices to all affected former employees using the contact information on file, and engaged a company that specializes in credit monitoring and identity theft prevention services to provide one year of credit monitoring services at no cost to those affected.

The theft was also immediately reported to local law enforcement. To date, there has been no indication that anyone's personal information has been or will be misused as a result of this theft.

This release is being made as an additional form of communication to notify former employees whose home contact information with the Company may be out of date. The stolen laptop contained human resource files related to historic equity incentive grants, which Hanger believes contained personal information, including name, address, and social security numbers for affected persons. While the laptop was password protected, it was not encrypted. Former employees who received stock option or restricted stock grants during their employment may contact the human resources department at (512) 777-3719 if they did not receive a notice in the mail and are concerned their information may have been in the files on the stolen laptop.

As a result of the theft, Hanger is taking several proactive steps to increase security. It has reminded all employees of the importance of safeguarding their company computers from theft or loss. It is continuing the ongoing implementation of its laptop encryption program. Finally, it is also reviewing its business processes to reduce the use of social security numbers and other personal identifiers to a minimum.