

CKE Selenium Production Notice

July 21, 2017

Valued Customers & Partners,

Dean Technology, Inc. (DTI) has always had the great privilege of working very closely with our customers and partners in the design, development, production, and improvement of our products. This cooperation has led to great advances in the way that we run our business, produce our products, and the overall quality and reliability of every item we ship. The lessons we have learned from these advances constituted the core knowledge set utilized for designing our new corporate headquarters and production facility in Addison, Texas, into which we relocated during the spring of 2016.

One of the major goals in building out this new facility was to get all of our domestic U.S. production into a single space. We discovered early on that we would not be able to provide the same quality selenium products at the needed price point if we moved this production to the new facility, or it remained at our existing plant in Pennsylvania.

Dean Technology has always been committed to the continued production of products that others believe are technically obsolete. We do everything possible to continue production of all products for as long as any customer needs them. To this end, we broadened the focus of our search for a new home for the selenium production and were able to identify a partner facility overseas. This facility has been working on the production of selenium electronics for many years, and had both the knowledge and enthusiasm to learn how to make our products at the quality levels required. After an intellectual property transfer, transition, and education process of longer than two years, we have begun the initial production of our CKE line of selenium suppressors in this partner facility.

I am pleased to inform you that this transition has been an extreme success. Not only are we producing products of the same or superior quality, but we've been able to maintain, and in some cases even reduce, costs. We are now ready to begin transferring our customers to products made in this offshore partner facility.

As with any production process as complicated as these selenium suppressors, there will be some minor differences in the final products built in the new factory. To ensure that there is no confusion, we will be using a different color paint for the new products, as well as making minor alterations to the part numbers. For all of our standard, published part numbers currently in the SD series, we will transition to the SDI series (e.g., the current SD1543-8 will become SDI1543-8). All other part numbers will get a "S-" prefix to identify the new part (e.g., the S06CA21AC will become S-S06CA21AC).

Another somewhat significant change will be the upper limit to the cell sizes that we can produce. The new facility has only been tooled to produce cell sizes up to 6" x 7.25". We have not produced many parts using cells larger than this for some time, but we want to ensure that there is product continuity for all of our customers. To that end, we are able to create electrically equivalent parts using smaller cells in appropriate

series and parallel configurations. These new designs will be done without cost to existing customers, and will provide the same performance as products built with the larger cells.

We understand that, for many customers, the transition to replacement products can be a challenging process. DTI is committed to helping all of our customers and partners with this transition in any way that we can. We will be stopping U.S.-based production of these parts in the fourth quarter of 2017, but all engineering and quality staff will continue to be a part of the Dean Technology team. Once a final date for domestic U.S. production is known, we will send a last time buy notice and will work with all of our customers to ensure they have the product they need to continue their own production at all times.

I honestly believe that we have done everything possible to prepare for this transition in a way that will mitigate as much risk as possible and minimize the impact on our valued customers. We know that nothing can be perfect though, and our technical, sales, and customer service teams will be ready to fully support all of our customers in the evaluation and transition to the new products.

If there are any questions or concerns about this production change, please do not hesitate to contact me directly. The most important goal of the entire DTI organization is the happiness of our customers, and I have no doubt that we will continue to meet that goal with the new production facility for our selenium suppressors.

On behalf of the entire team at Dean Technology, I thank you for your continued business and want to communicate our excitement about the great things to come.

Sincerely,



Craig Dean
CEO

Dean Technology, Inc.