

February 14, 2020

To our PennEngineering Customers,

In response to the coronavirus (COVID-19) outbreak in China, we would like to provide a supply chain update.

As of this week, local government has started to lift shutdown restrictions for some manufacturers in the affected region. Our PEM® and PennAuto™ factories in Kunshan, China are among the first group of 16 companies to receive government approval to reopen after an extended New Year holiday closure.

Our PEM® factory in Kunshan, has been functional through the New year holiday, and we can now increase the production based on the employees available. The overall manpower capacity will reach 38% this week and 45% next week.

Our PennAuto™ facility reopened on February 12th. The manpower capacity this week is 24% and it is expected to reach 45% by February 22nd.

For PEM customers: product inventory is available through our global distributors. PEM facilities in Europe and North America continue to operate at full capacity and support customers that rely on manufacturing output from our China locations.

For PennAuto customers: please contact your customer representative directly.

We will continue to monitor the situation and provide additional updates as needed. Updates will also be posted on our corporate website: www.pemnet.com

Regards,

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