



October 1, 2019

We write to you on behalf of Pancon Corporation, ("PANCON") regarding (a) the status of its financial condition, generally, and (b) a strategic decision with respect to the business and its near-term course of action, specifically.

By way of background, PANCON is a privately-owned manufacturer of connectors for automotive and industrial applications. Since 2011, PANCON has manufactured the components in two manufacturing facilities, one located in Taunton, Mass. and one in Temecula, Cal. Over the years, PANCON has endeavored to continually improve manufacturing and service processes to deliver high-quality, cost-competitive products.

Following the loss of key customers and deteriorating operating performance, PANCON began to lose money and continues to do so to this day.

Concurrently, PANCON has aggressively pursued several strategic options over the recent period that were designed to raise working capital and/or effectuate a sale or other strategic disposition of the business as a going concern. All realistic options were evaluated and explored, but regrettably these extensive efforts proved unsuccessful.

Against this backdrop, the Board of Directors of PANCON has unanimously approved the orderly wind-down of PANCON's North America business operations and the cessation of sales transactions, manufacturing and production over the coming weeks. In reaching this extremely difficult decision, the Board of Directors concluded, in the exercise of its sound business judgment, that an orderly, out-of-court wind-down of the business and a liquidation of its assets is the path that will most likely generate the greatest possible return to creditors.

At the present time, PANCON intends to execute the following key tasks in furtherance of an orderly liquidation process:

- Fulfill any open purchase orders as complete as possible;
- The company will attempt to contact customers regarding additional quantities of finished parts or component parts that might be available;
- New and existing orders may require a change in terms and conditions

PANCON genuinely regrets having to cease production and manufacturing operations and pursue a wind-down of its business, but knowing "when to say when" is critically important in business, however difficult a decision like this proves to be. You should know PANCON's made the determination to terminate business operations after extensive analysis of the business and its financial condition and overall prospects, as well as an in-depth consideration of all viable options for potentially preserving and maintaining the business. The Board of Directors and PANCON's senior management worked tirelessly toward achieving a different outcome, but the headwinds that the business has experienced for some time, including the rapidly changing market and challenging business environment, have brought us to where we are now. Nevertheless, PANCON is committed to carefully managing the wind-down and liquidation process in order to maximize value for the benefit of all stakeholders.

We appreciate your continued support and will provide you with additional updates in the coming weeks. Of course, in the interim, you are welcome to contact the undersigned with any questions that you may have.

Thank you for your support and understanding during this very difficult time.

Very truly yours,

Reinhold Hesse (electronic signature)

Reinhold Hesse
Chief Executive Officer