

OPEN LETTER TO CUSTOMERS, PARTNERS, EMPLOYEES AND STAKEHOLDERS

We are delighted to share with you [the news](#) that Lineage Power Holdings, Inc. ([Lineage](#)), a [Gores Group](#) company, has completed the acquisition of PECO II, Inc. Under the terms of the merger agreement approved by shareholders, Lineage has acquired all of the outstanding shares of PECO II, based on a price of \$5.86 per share in cash. We will keep you informed of new developments as they occur.

The combination of Lineage Power and PECO II is a strategic, complementary fit that creates a stronger and more capable, end-to-end energy systems and services provider focused on delivering the industry's best customer experience. Combining the two companies' strengths should expand our ability to deliver cost-effective, reliable and energy-efficient power solutions for telecom central offices, mobile switching centers, outside plant, data centers and cell sites. Together, our US-based engineering, design, qualification, and professional services thought leaders will deliver solutions purpose-built to exceed rigorous North American telecom standards, backed by decades of proven product strength and a Bell Labs heritage of innovation.

We expect our customers can benefit in the following ways:

- Lineage customers can benefit from an expanded product and services portfolio; battery distribution fuse bay (BDFB/BDCBB) products; and leading power inverter solutions.
- PECO II customers can benefit from Lineage Power's extensive North American engineering and product qualification infrastructure; and Total Efficiency™ architecture that recaptures energy loss and lowers cooling requirements to reduce greenhouse gas emissions and achieve sustainability objectives. We plan to deliver cost-effective modules for the PECO II installed base of energy systems that lower utility and cooling expenses with Lineage Total Efficiency™ technology.
- Together, our products and nationwide service infrastructure will create one of the largest and most capable professional services organizations for telecom power in North America. Customers can optimize power plant sourcing while reducing utility and cooling costs to help scale optical, wireless and broadband networks at lower relative costs. An expanded global manufacturing scale will provide world-class quality and delivery at competitive prices.

Customers can continue to invest in the current products from both PECO II and Lineage Power. Continuous supply of both product portfolios is expected to remain unchanged. Existing service, maintenance, warranty and support contract terms remain unchanged.

It is expected that the engineering, professional services, sales, solution engineering, support and training resources you work with every day will continue to support you and your installed base of products. We remain committed to investing in research and development to deliver new products. The combined company can better serve the installed base with comprehensive, US-based engineering, product qualification, and support services.

The engineers at Lineage and PECO II are the best in the industry, responsible for hundreds of global patents and unique planning and design services expertise that ensures every system installed leverages existing infrastructure investments while optimizing future performance and capacity. No changes are anticipated to the support, marketing or selling of particular PECO II or Lineage Power products. We envision leveraging best practices from both organizations to ensure the industry's best customer experience.

Unique Solution

Today's announcement opens a new chapter in Lineage Power's 95+ year heritage of patented innovation as part of AT&T, Bell Labs, Lucent Technologies and Western Electric. The thought leadership of Lineage Power and PECO II employees will remain focused on creating customer value and building energy systems solutions that leave no power plant behind. The first name in power, Lineage will remain the only North American provider with US-based research and development.

Strong Foundation

This combination will leverage the core competencies of two respected industry leaders to strengthen the technological and financial foundation for delivering DC power conversion solutions. With the addition of PECO II, Lineage Power expects to significantly expand its current market presence and future market opportunity by delivering the industry's best customer experience built on a foundation of world-class operations. In alignment with customer needs, analyst recommendations and industry standards efforts, our technology platforms will be strengthened and accelerated providing the financial foundation to appropriately address strategic objectives and explore exciting new opportunities. As PECO II joins Lineage Power, we believe we will be the perfect sized organization – large enough to be a global player, yet small enough to have direct access to our developers and executives.

Ready-to-Ship Solutions Today

Lineage Power and PECO II products already co-exist in many customer environments. We expect customers will be able to extend their existing investment in one product line to the other. For example, we plan to deliver cost-effective modules featuring Lineage Total Efficiency™ technology for the PECO II installed base of energy systems. Ultimately, the driver in all of our decisions will be the needs of our customers.

Customer Focused

PECO II and Lineage Power share the corporate culture that there is nothing more important than our customers. Our goal is to become your favorite vendor by delivering on our promises – on-time and on-budget – by helping you do your job better and spend less time doing it. We will measure our success by your satisfaction. We can assure you that together we will earn the right to your business. We will compete fairly on value, technology, domain expertise, and customer support to maintain the honesty, integrity and respect that you would expect of a world-class company.

We invite all PECO II customers, partners and prospects to visit the Lineage Power facilities in Plano, TX. It is the R&D, quality assurance, and performance testing conducted in Plano that gives Lineage Power the ability to lead the way in the delivery of safe, reliable and energy efficient solutions that lower costs and accelerate delivery of new voice, video and data subscriber services.

We would like to extend a personal thank you for your continued loyalty and support during these times of change at PECO II and Lineage Power. Our passion is to build companies that last – with this in mind, we are focused on becoming the best power conversion company in the world. The quality of the relationships with our customers will be our indicator of success. All of us here at Lineage Power and PECO II look forward to working with you for the future benefit of all our organizations.

If you have any further questions or concerns we encourage you to contact Lineage Power at 877-LINEAGE or +1 972 244 9288; or PECO II at 800-999-PECO or +1 419 468 7600. Please also feel free to contact Lineage Power CEO Craig Witsoe directly at +1 972 244 9358 or send an email to craig.witsoe@lineagepower.com.

Additional Information and Where to Find It

In connection with the acquisition of PECO II by Lineage, PECO II intends to file relevant materials with the SEC, including its proxy statement on Schedule 14A. **Shareholders and investors are advised to read all relevant documents filed with the SEC, including the proxy statement, because they contain important information about the transaction.** Shareholders and investors may obtain a free copy of the proxy statement and other documents filed by PECO II with the SEC at the SEC's website at www.sec.gov. Free copies of the proxy statement and [PECO II's other filings with the SEC](#), may be obtained by directing a written request to PECO II, Inc., Attention: Jocelyn Koozer, 1376 State Route 598, Galion, Ohio 44833.