



2880 Lakeside Drive, Suite 116
Santa Clara, CA 95054
Phone: (650) 903-3800
Fax: (650) 903-9300

June 3rd, 2016

Re: HALO Extending Lead Times

Dear Valued Customer,

The first half of 2016 has proven to be an interesting and challenging year. The demand for HALO products has suddenly, and without any advanced notice, increased by more than 40%. Our customers did not forecast this significant increase and it is unclear at this time if this increase is directly related solely to our customers' higher demand or if other industry concerns outside of our control have caused this increase. In any case this sharp increase in demand has had a significant effect on our lead times.

We are committed to increasing capacity as quickly as possible to these increased demand levels however this takes time. Additional workers are continuing to be hired but then must go through a 6-8week training period before they can be added to our production line. It is this lag time that is negatively affecting our lead times as demand has continued to increase month over month. We will continue to add this additional work force and increased capacity as quickly as possible. In the meantime, we highly recommend that our customers review their demand and place orders through the balance of 2016 now. This additional visibility will help us be able to better understand our future capacity needs and help us better balance capacity and future demand.

For the short term, we are running at over 100% of capacity and at full overtime. We will do our best to support customers during this challenging time within the limits of what we can do with the growing workforce and capacity.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey R. Heaton", written in a cursive style.

Jeffrey R. Heaton
Vice President