

## STR Holdings, Inc.

January 26, 2021

Re: STR Holdings, Inc. (the “Company”)

Enclosed please find a Notice of Stockholder Action (the “Notice”) that describes certain actions recently approved by written consent in lieu of special meeting of the holders of the requisite number of shares of common stock, par value \$0.01 per share (“Common Stock”), of the Company entitled to vote on the proposal herein (the “Consenting Holders”). Under Section 228(e) of the General Corporation Law of the State of Delaware, actions requiring stockholder approval may be taken with respect to the Company without the need for a formal meeting of the stockholders or without the need to obtain the signature of every stockholder, provided that a majority, or such higher percentage as may be required, of the stockholders entitled to vote thereon consent in writing to the action and that all other stockholders are subsequently notified of the actions. The purpose of this letter is to provide you with such formal notice, which is attached hereto as Exhibit A, and provide additional information on recent actions by the Company in connection therewith.

On January 13, 2021, the Consenting Holders approved the sale of substantially all of the Company’s assets (the “Assets”), at a purchase price substantially as contemplated by that certain Asset Purchase Agreement, dated as of January 13, 2021 (the “Purchase Agreement”), by and among the Company, Specialized Technology Resources, Inc., a Delaware corporation and wholly owned subsidiary of the Company (together with the Company, the “Sellers”), and H.B. Fuller Company, a Minnesota corporation (the “Buyer”). On January 15, 2021 (the “Closing Date”), the Sellers completed the sale of the Assets pursuant to the terms and conditions set forth in the Purchase Agreement (the “Closing”). The executed Purchase Agreement is attached hereto as Exhibit B.

Pursuant to the terms of the Purchase Agreement, the Buyer acquired all of the Assets of the Seller’s U.S.-based solar encapsulant business (the “Business”), and assumed certain liabilities related to such Business. For the avoidance of doubt, the Business does not include, and no assets or liabilities were acquired or assumed relating to, (i) the business of developing, manufacturing and selling multilayer packaging films, primarily in Europe and (ii) the conducting of independent business through the Company’s Spanish affiliate, Specialized Technology Resources España S.A. U.

The Purchase Agreement provided for an aggregate purchase price of up to \$8.0 million, with a base purchase price of \$6.3 million in cash, which price was subject to increase or decrease based on a working capital adjustment, based on a target working capital amount of \$0 at the closing. For purposes of the closing, the working capital was estimated to be \$(54,710), resulting in a negative purchase price adjustment of the same amount for the working capital underage. Within 90 days after the Closing Date (plus certain objection and resolutions periods), a final net working capital will be determined. If the final net working capital is greater than the estimated working capital as of the closing, then the Buyer will pay the Company such excess amount. If the final net working capital is less than the estimated working capital, then the shortfall amount shall be paid to the Buyer in cash by the Company. In addition to the working capital adjustment, \$800,000 of the base purchase price was held back by the Buyer to satisfy any potential indemnification obligations of the Company.

Further, an additional payment of up to \$1.7 million (the “Contingent Consideration”) is payable by the Buyer if, and only if, by February 15, 2022, the Buyer shall have received at least one payment from a certain customer with respect to the sale of certain products. The actual payment amount will depend upon the date by which the conditions to the payment of the Contingent Consideration have been satisfied, and will be reduced by \$340,000 for every month following October 15, 2021 that the conditions to payment are not satisfied. If the conditions to payment of the Contingent Consideration are not satisfied by February 15, 2022, no Contingent Consideration will be paid. The Buyer has the right to conduct its operations, including with regard to all matters related to the Business, as they determine in their sole discretion, and is under no obligation to provide any specific level of investment or funding with respect to the Business. However, Buyer must take commercially reasonable efforts to avoid taking, or failing to take, any actions, the primary purpose of which is to prevent the payment of the Contingent Payment.

Following the Closing, the Company has agreed to provide certain transition services to Buyer for a period of up to 12 months, subject to extension by the Buyer for an additional three-month period. In addition, subject to certain exceptions, the Sellers have agreed that for five years following the Closing Date they will not: (i) engage in the Business or in any business that is a competitor of the Business (a “Competitive Business”), (ii) own, hold or acquire any interest in, consult with, manage or render services to, or license any intellectual property any person that engages in a Competitive Business, (iii) interfere with any relationship between the Buyer and any customer, supplier or other counterparty of the Business, or (iv) solicit any employees or independent contractors of Buyer.

The Purchase Agreement also contains customary covenants, representations and warranties of the parties, as well as customary indemnification provisions for transactions of this type. The Closing was subject to the satisfaction of a number of conditions, including, but not limited to: (i) receipt of all required consents, (ii) the absence of a material adverse effect, (iii) the Company’s representations and warranties being correct, in all material respects, subject to certain exceptions, and the (iv) the Company’s compliance with its covenants.

Contemporaneously with the execution of the Purchase Agreement, Robert S. Yorgensen, our President, Chief Executive Officer and Chairman of the Board of Directors, entered into a consulting agreement with the Buyer, which was effective upon the Closing. Following the Closing, Mr. Yorgensen remains President and Chief Executive Officer of the Company, serving on a part time basis to assist with post-Closing matters, and will remain Chairman of our Board of Directors. In addition, the Closing will constitute a change in control transaction and trigger certain severance obligations of the Company pursuant to the terms of Mr. Yorgensen’s previously disclosed severance agreement. For more information regarding the terms and conditions of the severance agreement, please see the Company’s definitive proxy statement, filed with Securities and Exchange Commission on August 15, 2019.

Please note, the Purchase Agreement has been included to provide investors and security holders with information regarding the terms of the Transaction. They are not intended to provide any other factual information about the Company. The representations, warranties, covenants and agreements contained in the Purchase Agreement, which were or will be made only for purposes of the applicable agreement and as of specific dates, were solely for the benefit of the parties thereto, may be subject to limitations agreed upon by the contracting parties (including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the respective parties instead

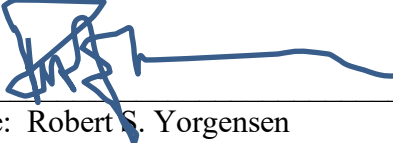
of establishing these matters as facts) and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors and security holders. Investors and security holders are not third-party beneficiaries under the Purchase Agreement and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of the Company, the Buyer or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures.

The foregoing summary of the Purchase Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of such agreement, which is attached hereto and incorporated herein by reference.

Stockholders who wish to obtain additional information about the matters referred to in this notice should contact Investor Relations at [InvestorInfo@strholdings.com](mailto:InvestorInfo@strholdings.com).

Very truly yours,

**STR Holdings, Inc.**

By:   
Name: Robert S. Yorgensen  
Title: President & Chief Executive Officer

Enclosures

**Exhibit A**

**Section 228 Notice**

**STR HOLDINGS, INC.**

**NOTICE OF STOCKHOLDER ACTION**

January 26, 2021

To: The Stockholders of STR Holdings, Inc. (the “**Corporation**”)

Section 228 (“**Section 228**”) of the General Corporation Law of the State of Delaware provides that any action which is required to be taken or which may be taken by the stockholders of a corporation at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing are signed by the holders of outstanding stock having not less than the minimum number of votes that would otherwise be necessary to authorize or take such action at a stockholders’ meeting and are delivered to the corporation. Pursuant to Section 228, the Corporation is required to give you, as a stockholder of the Corporation, notice of any such action approved by written consent. Notice given regarding an action taken without a meeting pursuant to Section 228 is for the purpose of informing you of the resolutions adopted and generally does not require you to take any action.

For this purpose, notice is hereby given that the resolutions set forth on Appendix I hereto were adopted by written consent on January 13, 2021 by stockholders of the Corporation holding more than the minimum number of votes necessary to take the actions set forth therein.

**STR HOLDINGS, INC.**

By:  \_\_\_\_\_

Name: Thomas Vitro

Title: Secretary

## APPENDIX I

### *Stockholder Resolutions Adopted as of January 13, 2021*

**WHEREAS**, H.B. Fuller Company (“**Fuller**”) has offered to acquire substantially all of the assets of the Company (the “**Asset Sale**”), substantially as provided in the form of that certain Asset Purchase Agreement by and between the Company, Specialized Technology Resources, Inc. and Fuller (the “**APA**”); and

**WHEREAS**, in order to effect the Asset Sale, the Board of Directors of the Company (the “**Board**”) has approved and recommended that the Company’s stockholders approve the Asset Sale.

**NOW THEREFORE, BE IT RESOLVED**, that the Asset Sale, at a purchase price (including working capital, escrow or similar adjustments thereto) substantially as contemplated by the APA, with such changes and modifications as the Board may approve, be, and hereby is, approved.