

**To: All Employees**

**June 3, 2020**

Greetings to all,

From March 15 to April 1, it seemed like the news moved fast and the impact of the health crisis and economic - customer shutdowns, was sudden. Since then, it seems time & events have passed slowly.

We moved through an initial, Phase 1 period of employee support and customer communication. Then we moved into Phase 2 of PPP support. During that phase, a lot of work and preparation occurred for a safe return to work. We also attempted to gather as much information as possible about customers plans. We were able to produce some work for certain customers and we had employees who really stepped up for the few customers really counting on us. Just as important, we generated needed sales.

We are approaching the completion of this Phase 2 period.

For this week (6-1) and next (6-8), we will work to produce as much sales as possible. The payroll of June 11 will be for the 80 hours of May 29 and June 5. There will be one additional pay on June 25<sup>th</sup> for the 40 hours of June 8-12. Details will be handled and communicated locally.

Then our "Phase 3" plan will begin.

Effective June 15<sup>th</sup>, we will be reducing our workforce and fully or partially laying off many in our company. For those fully or partially laid off, the June 15 date is your filing date. I know this news and action will be disappointing to many, but surprising to very few. Unfortunately, a majority of our customers, especially for library binding and summer textbook binding, have no immediate re-start plans and we believe it will be July before we have good information and August before meaningful orders start to flow.

At this stage, a full or partial layoff strategy is not only necessary for the company, but also makes sense given the additional Federal unemployment support through the end of July.

We are taking the additional step to reduce every employees vacation bank (hourly and salary) by 40 hours or up to 40 hours, for the full payroll support over the last 11 plus weeks. Local HR staff will handle the record keeping of this earned vacation reduction.

Regarding health insurance, only those remaining full-time employees will be able to stay on the plan and receive the company contribution towards the premium. Fully or partially laid off staff will be able to continue their health insurance by paying the company directly (Cobra protection). The Federal unemployment support will provide some resources so most can keep their coverage in force should they choose to do so. Some may choose to drop coverage temporarily. There are special open enrollment rules during this pandemic period. We'll have further information available on that in another communication. Insurance is in place as is through the month of June. Additionally, the company will only be deducting employee portion for the June 11 pay, but not the 40 hours pay on June 25. Cobra coverage then begins as of July 1<sup>st</sup>.

It bears repeating... the way everyone has handled / is handling this difficult situation has been incredible and much appreciated. We as owners are heartsick about the turn of events in 2020 and the challenge HF Group faces in the coming weeks and months. We will continue to operate as best we can for customers who need us and employees who can support those customers. For all employees, we hope we will be back when our customers return to normal, even a new normal, and we are determined to do what's necessary to keep the company as healthy as possible and ready for better times.

Sincerely, Jay Fairfield, President