

**From:** Vigor Communications <[Communications@vigor.net](mailto:Communications@vigor.net)>

**Sent:** Thursday, April 16, 2020 8:02 AM

**Subject:** Important update from CEO Jim Marcotuli – State of the Business & COVID-19 Impacts



This communication was composed in the spirit of transparency and is being distributed to keep Vigor employees current with the state of our business and the strategies we are deploying during such an unprecedented time. As you are aware, Vigor was fortunate relative to other businesses as it was deemed an essential business. This, along with swift implementation of health and safety measures, allowed us to continue operating and providing paychecks to our valued team members. Our priority has been, and will continue to be, the health and safety of our employees. I understand and empathize that we all awake every day to more uncertainties and unprecedented realities. I deeply appreciate the Vigor can-do spirit I see in motion and your continued diligence around the protocols we have implemented.

In response to the current coronavirus crisis, the US federal government has passed legislation largely aimed at individuals and small businesses. As a large business, Vigor is unlikely to benefit from this legislation. The general state of commerce, both globally and in the US, has been severely disrupted for the vast majority of industries. With such an immediate and unprecedented jolt to the financial system, the broader impact will be somewhat delayed but is likely to be austere in some cases. There is a high probability of ripple impacts across different industries that will take time to unfold. We are seeing increasing signs of supply chain constraints, not only in personal protective equipment (PPE), but industrial supplies, services and general materials. Our Vigor business has already lost five projects worth roughly \$70 million in revenue. Additional projects remain uncertain at this time and we are seeing delays and constraints from both customers and suppliers.

Given the loss of revenue and the uncertainty around how long this pandemic will last, combined with the potential for delayed impact to the broader US economy, Vigor's senior leadership is taking steps to protect our business. All non-essential spending has been dramatically reduced or delayed, and, unfortunately, earlier this week we notified some Vigor colleagues of targeted layoffs. We have frozen virtually all open positions. Merit increases will not occur in 2020. We recognize these steps are difficult for people, but they are also necessary to protect the company during this unanticipated broad economic disruption.

For your awareness all financial actions were born from three imperatives:

1. Never ever risk the health and safety of our employees
2. Protect the financial stability of the business
3. Protect the core and position ourselves for the future

Senior leadership in each division will communicate cost reductions that are occurring within each area of the company in more detail.

We will continue to closely monitor economic conditions and our internal financial metrics. At present, it appears we will need four to six more weeks to understand the economic implications of the pandemic. Further changes based on business conditions may become necessary as economic indicators become clearer. It is our intent to stay proactive versus reactionary and vulnerable, and we commit to be transparent as decisions are made.

During this time I would be remiss not to mention the things we can all do to protect each other and the company.

Never let your guard down with respect to practicing social distancing, frequent handwashing, sanitizing, and staying home when you have symptoms or someone in your household has tested positive for COVID-19.

It is similarly critical to conserve PPE, using only as required by current policy and direction. It is becoming increasingly hard to procure, and our inventory is now at concerning levels.

Personally, it has been inspiring for me to witness all of Team Vigor rise to this tough occasion. I sincerely appreciate everyone's hard work and dedication to their craft and profession. While painful, this too shall pass, and we will become a stronger competitive force for the future.

With respect and appreciation,

A handwritten signature in black ink, appearing to read 'Jim Marcotuli'.

Marco