
FROM: Murray Mullen
Chairman, CEO and President

DATE: April 28, 2020

RE: **Coronavirus Action Plan – Update #6**

DO WE EVEN KNOW WHAT REALITY IS ANYMORE?

You cannot have this many people lose their jobs, businesses small and large trying to survive without revenue, layered on top of all time debt levels that exist at both the consumer and business level without there being some difficulties, soon to emerge in my opinion. *[Notice I did not mention government debt, because this is so far removed from being rationale, I wouldn't even know how to describe it. Besides only the government can print money, the rest of us must either have it or earn it.]* Furthermore, the longer this government/health induced slowdown remains, the greater the risk of any meaningful recovery. How can we go back to NORMAL once people have panicked, have a fear of the unknown and generally of each other? It is difficult to see the old normal anytime soon. This basically means that business activity will not return to previous levels until the FEAR has been extinguished, which will take time and most likely will require a vaccine to cure us from this devil. Either that or we all get this virus and our bodies develop our own immunity. Regardless of which cure emerges there is a fairly significant time lag before “the get back to normal becomes reality”. Even the most optimistic virologist is cautioning that it will take many months before any vaccine becomes available.

THE WEEK IN REVIEW

For Canadians, the cheque's in the mail! This past week the Federal Government reported that 7.12 million Canadians have already applied for the Canada Emergency Response Benefit (CERB) Plan – a wage subsidy program up to \$2,000 every 4 weeks of up to 16 weeks to eligible workers losing income due to COVID-19. This equates to more than a third of Canada's labour force. Unbelievable and scary at the same time. If I was in the Federal Government, I might want to consider opening up the economy and getting people back to work before the BANK IS BROKEN. In fact, estimates today suggest the Federal Government will run a deficit this year of \$250 billion. THIS IS UNPRECEDENTED and like everything else in life nothing is free so there will be a day of reckoning. But this is a tomorrow problem!

We had an active week at the corporate office. In addition to our regular update calls with the Business Units we held our quarterly Board of Directors meeting – the first time we held such a meeting using social distancing, thanks to technology – and released our 1st Quarter Financial Report to Shareholders, on time and without a hitch. All in all a pretty steady quarter right up until mid-March, which is when the government mandated shutdown of the economy commenced. But since this time until today we have witnessed a decline in business as demand has slowed, which by the way has also been fully reflected in our worker headcount. Attached is the update from the hardest working team in our corporate office these days. The HR and Payroll Shared Services group headed up by the always organized Cathy Delay, Director of Human Resources, prepared a snapshot of where our employee and associate headcount was at as of April 15, 2020, maintained payroll services on time for all employees and dealt with an untold number of requests, concerns and issues. This is one of the realities of today's health scare crisis induced economic slowdown/shutdown. **THANKS TEAM** for everything you do for this organization and for everyone.

Last week kept me busy talking with shareholders who have many of the same concerns as we all do. Often asked questions include – how long do we expect business to be interrupted? How much will the demand for logistics services be impacted? I spent considerable time trying to explain that I didn't have any better answers than anyone else but that I firmly believed that the Mullen Group would weather this storm and come out the other side stronger, the exact same message I have consistently reiterated to our workforce. Of course these are challenging times but the survivors, those that understand that one must adapt to the changing world, will look back at these days as an opportunity to change what they were doing.

WHERE TO FROM HERE?

From everything one reads it appears that the various Governments, Provincial and Federal, are looking at reopening at least part of the shuttered economy. This will be a staged opening at least in the early days but this is all good news. Not perfect but certainly good. Social distancing will remain for quite some time but it seems like this is the reality we must all live with if the economy is to be opened up. As for that dastardly virus, COVID-19, it will still linger around causing chaos to the economy and fear in people until a vaccine is found. As the health specialists learn more about this virus new strategies will emerge. We all wait – albeit impatiently – for life to get back to our way of normal. But the virus has no timeline. It just searches out its next victim, the next one of us that has not developed an immunity to it. It moves swiftly but the really good news is that the vast majority of those infected recover rather quickly, just like when one gets that the old “flu bug”.

Until next week keep yourself busy, safe and REMEMBER – this too shall pass.

Sincerely,



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Mullen Group associate update as of April 15, 2020.

Worker Status	Active Employees	Active Contractors	Employee Temporary Layoffs	Employee Permanent Layoffs	Contractors & OO not working	Compensation Reductions
Corporate Office	58	4	0	0	0	15
Specialized & Industrial	866	99	374	23	43	299
Logistics & Warehousing	947	448	63	9	50	123
Less-Than-Truckload	2477	349	230	3	15	38
SUMMARY	4348	900	667	35	108	475

Mullen Group Assistance Fund	\$ Vacation Prepaid	# Employee Loan Applications	\$ Employee Loans	\$ Contractor Holdbacks	# Contractor Loan Applications	\$ Contractor Loans	\$ Health Benefits	# Workers Positive COVID-19
Corporate Office	\$0	0	0	\$0	0	\$0	\$0	0
Specialized & Industrial	\$9,550	2	\$1,500	\$0	0	\$0	\$0	0
Logistics & Warehousing	\$0	0	0	\$0	0	\$0	\$421	0
Less-Than-Truckload	\$0	3	\$2,500	\$0	0	\$0	\$1,281	0
SUMMARY	\$9,550	5	\$4,000	\$0	0	\$0	\$1,702	0