

Keeping You *in the Know*

April 21, 2020

Where we have been

It's difficult to believe the amount of change that has taken place over the past six weeks. Before the pandemic, Loews Hotels & Co was performing well, despite projections of a softening in the industry. During the beginning of March as more information about COVID-19 began to surface, our cancellations in both Group and Transient began to skyrocket. In all actuality, Groups started to cancel at the end of February as companies were taking proactive measures regarding travel and holding meetings.

All of these factors, coupled with federal, state and local guidelines and recommendations associated with crowds, staying at home, sheltering in place, it became necessary to begin temporarily suspending operations in our hotels. The suspensions and resulting loss of revenue made it necessary to implement significant cost cutting measures which included difficult decisions regarding our Team Members. The week of March 23, we began to communicate to a number of Team Members, they would be asked to go on a leave of absence.

Since that time the numbers have increased significantly as leave of absence has expanded to all areas:

- Home Office
- Hotel Team Members in all hotels regardless whether they have suspended operations or remain in operation
- The Business Service Center (BSC) in Nashville
- Created a new cluster Sales and HR model to increase efficiency and provide a cost saving (this has included additional leave of absences)

In addition to these decisions, a multitude of other cost cutting measures have also been instituted such as requests with vendors to pause/postpone services, renegotiating contracts, elimination of non-essential budget items, etc.

Where we are today

The news regarding the virus and its impact is starting to look more promising. At the end of last week, the Director of the Centers for Disease Control (CDC) communicated that "we're coming to the peak...we can see the other side of the curve." The projected death toll in the U.S. has now fallen from 100,000 – 240,000 to around 60,000. This type of information, along with specific COVID-19 updates by market, are used to project potential dates to resume operations in the hotels. We should note that even when we do resume operations, amenities and services will come back gradually. We are relying on data, local guidelines, and occupancy forecasts to determine staffing levels and when Team Members will return.

Today, four of our hotels remain in operations for a variety of reasons – these decisions were determined by the ELT and our partners.

Similar to others in our industry, the vast majority of our workforce is on a leave of absence. Active Team Members are focusing on the necessary functions that still exist but are also focusing on when and how we resume operations. Sales, Finance and Operations conduct on-going analysis of projected resuming operations dates based on many factors, all of which are very fluid but include areas such as:

- Market data linked to the COVID-19 rates and projected declines in cases
- Projected occupancy rates and revenue
- Information regarding opening dates for partners such as Universal who announced they will not resume operations of the parks until June 1, 2020

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There are on-going discussions focused on areas such as we create resuming operations plans, many of which are already in place:

- Creating plans to ensure the safety of our Team Members and guests today (temperature checks are being conducted with our Team Members and Vendors, use of masks, social distancing, enhance cleaning protocols, etc.)
- Developing staffing models based on level of occupancy (how many Team Members are needed in various roles at different levels of occupancy – 30%, 40%). When we resume operations, we will bring back Team Members based on this data.
- Re-forecasting of budgets and revenue based on various occupancy rate assumptions
- Determining when we should resume operations in specific areas such as Food & Beverage outlets, which will rely on federal, state and local guidelines

To be able to focus on returning to a fully operational model is a positive sign, although we know it will be a gradual process over an extended period of time. As Jon Tisch said in his recent video, “The decisions that we are making at Loews Hotels are there to benefit us in the future...every single day the Senior Management of Loews Hotels is... discussing the future...the travel and tourism industry will come back.”

Loews Hotel & Co Covid-19 Disaster Relief Fund Update

Last week in “Keeping You in the Know,” we shared the exciting news about the creation of the Disaster Relief Fund, designed to assist eligible Team Members on a leave of absence or reduced hours who have suffered financial hardship as a result of the pandemic.

The application process began on Friday morning, April 17th and by the end of business that day, approximately 4,300 applications were received!!!! By mid-day today, Tuesday the 21st, 1,000 applications had been received and processed to ensure eligibility and documentation of expenses. The first batch of approximately 1,000 qualified applications were sent to the Review Committee today and were approved for funding. Team Members who received an approval email from Relief@loewshotels.com will receive an e-mail from app@echecks.com within 3 business days stating the eCheck payment from Charitable Solutions is ready. The next set of approximately 1,000 applications will be reviewed by the end of this week. The process has been streamlined to ensure eligible Team Members receive financial support as quickly as possible. WE CARE ABOUT OTHERS.