

ing Forward to a Great 2012

-Tony Prohaska, Plant Manager

I hope you all have enjoyed the time off with your family and friends during the Christmas and New Years Holiday! A special thanks to those of you who shortened your holiday break to work on Wal-mart tissue, tooling, and labels.

As Hallmark starts its 102nd year, we in Leavenworth celebrate 65 years of continuous operation. It is a good time to reflect on the success of Hallmark, and in particular, the success the Leavenworth plant has enjoyed over the years. The irony of reflection is that while you focus on the past, you guickly understand that our past successes are directly related to how much time and energy we focus on the future and most importantly our customer.

There was much accomplished last year: an improved safety program (reduction in OSHA incidents); launching a green initiative (targeting Leavenworth to be a Zero Waste facility); successful launch of gift wrap programs (color studio); expansion of tissue packaging; centralized scheduling; and some very significant lead time improvements in party and gift wrap. These accomplishments and many other results have made 2011 a very memorable year. One we should all feel proud about!

Being new to the plant I am very impressed with the teamwork and retail focus this facility demonstrated as we produced and shipped Christmas gift wrap direct to our customers. During the same time period we supported quickset and end of aisle programs for both 2012 Valentine and 2011 Christmas. At one point, there were 90 temporary workers in the plant, with many full time Hallmark employees working different shifts and in different departments. That flexibility and teamwork is very much appreciated and critical to our future success.

As we look to 2012 and the future, there are three strategic elements or priorities I think we should focus on.

1. Stay relevant- As a location, we need to continue to find ways to make our retailers and business partners see us as a strategic link in Hallmark's supply chain. We do this by spending time understanding process and product capabilities that deliver innovate product. (Significant Positive Change)

2. Exceed Expectations on deliverables- We need to continually surprise our partners with results that exceed expectation. By raising the high bar first on ourselves, we should never be in a position to disappoint our internal customers.

3. Invest in people and relationships- That investment comes in the form of maintaining and expanding in some areas our technical expertise, while more closely aligning ourselves with business partners and retailers. This promotes end to end understanding of our business and allows us to deliver a product that is timely, relevant, and low cost. The staff has completed our planning session for 2012 and objectives are being set that I think will help us move forward on these important priorities.

I am very excited about the people, relationships, and business opportunities we have been blessed with in Leavenworth. I know with your help, we can continue to celebrate many more anniversaries and milestones as a strategic component of Hallmark's supply chain. Looking forward to a great 2012!

Hallmark

The Hallmark Health Rewards program continues for 2012, with several enhancements

based on feedback from participants.

The program will continue to offer employees the chance to earn as much as \$250 annually for taking positive steps to maintain or improve their health and well-being.

The 2011 program ended Nov. 30 and the new program year is now under way. Employees can begin tracking points this month using the Health Rewards website. Points can be redeemed for rewards beginning in January and participants can continue tracking and redeeming points through Nov. 30, 2012.

Kick-off events are planned at most Hallmark facilities Jan. 10 with opportunities to learn more.

2011 program results

Sally Luck, corporate services and wellness director, says more than 5,700 employees banked points in the 2011 program — or more than three-quarters of those eligible. The average amount of rewards totaled \$120, with 620 employees earning the full \$250 in rewards.

She says the program also tripled participation rates in the company's health education programs and led to similar significant increases in use of the health risk guestionnaire at myCIGNA.com, on-site health screenings and healthy food. "We are pleased with the participation levels in the first year and will continue to work to engage more Hallmarkers in taking these steps to good health in 2012," Sally says.

What's new

Sally says the program for the new year includes several enhancements and a new theme "Choose to Lose," reflecting a special focus on achieving and maintaining a healthy weight. Among the changes for the new program year:

• Simpler tracking of physical activity. Participants can earn two points per day for completing 30 minutes or more of any physical activity that improves their fitness level. To record the activity, employees just enter the date it was completed in the health rewards website. The maximum points in this category also have increased from 100 in 2011 to 120 in 2012.

• Focus on maintaining a healthy weight. In addition to earning points for participating in a weight loss program, for 2012 employees can receive five points for each five pounds of weight lost during the program year, and 10 points for

PAGE 2

Hallmark Calther body mass index (BMI) (cont. from pg. 1) during the year. Weigh-ins will be availa-

ble any time through all on-site medical departments and during annual health screening events. Those who do not have access to a medical department may contact the corporate medical department to receive a coupon.

• Focus on nutrition. Participants can earn 10 points (up to two times per year) for completing in-person counseling from a registered dietitian. Employees just need to provide a receipt (including the services provided and date) to the medical department to receive a coupon.

• Changes to gym membership points. Employees can earn 25 points once during the year to offset any expense of \$25 or more for the cost of a gym membership or — new for 2012 — personal trainer or fitness class. Participants also can now self-report this expense through the program website.

• Available to more Hallmarkers. For 2012, the rewards are available to any Hallmarker eligible for Hallmark medical benefits, whether or not they are covered by the Hallmark medical plan. This includes all full-time and part-time regular employees who work a regular schedule of 20 or more hours per week. (As in 2011, dependents and retirees are not eligible, nor are employees or dependents of subsidiary businesses.)

More information

A summary of all the <u>available activities is available on</u> <u>the intranet</u>, and instructions for reporting each activity is available from the <u>Hallmark Health Rewards website</u>. For questions about the Hallmark Health Rewards program or website, employees should contact a Hallmark Business Connections representative at <u>customer.service@hallmarkbusinessconnections.com</u> or 1-866-601-5918 (7 a.m.-7 p.m. CT Monday-Friday).



UPDATE ZERO WASTE FACILITY GOAL

Great job on reducing our waste since implementation of becoming a zero waste facility in November. Our goal is a 50% reduction in waste to landfill. The plant is well on our way to achieving that!

2.5% of our total waste per month went to landfill in November -COMPARED TO-

5.8% of our total waste per month went to landfill January-October 2011

5.2 tons went to landfill landfill in November -COMPARED TO-

14.7 tons went to landfill on average during January-October 2011 A reduction of 9.5 tons!!!

RETIREMENTS

- Rick Meyers 41 years Materials Movement Specialist December 31, 2011 Mario Saegers - 35 years Materials Movement Specialist December 31, 2011
- Linda Biever 35 years Maintenance Specialist December 31, 2011
- Barb Carter 33 years Production Support Specialist December 31, 2011



USA FIRST-CLASS FORTER FOREVER STAMP BOOKS Employee Card Shop Payroll, Cash or Check



03	Jim Wagner
04	Doug Garrett
05	Trish Johnson
06	Kurt Whalen
08	Tom Martinez
80	Mark Toy
09	Bob VanSchoelandt
10	Jamie Wilbanks
12	Christy Palmer
14	Pam Bailey
14	Greg Decock
17	George Link
18	Rick Tate
19	Kevin Starnes
21	Mike Martinez
23	Anita Jackson
25	Shelly Mohan
26	Connie Robinson
26	Ralph Seever
26	Rhonda Skaggs
28	Derek Denney

- 28 Derek Denney
- 29 Petra Baker29 Ron Zink
- 30 Liz Neal
- 31 Orin Schlight

ANNIVERSARIES



35th

Amanda Scott, Jan. 21 Leav. Packaging Marvel Lytle, Jan. 22 Party Plate Cell Steve Bromell, Jan. 25 Gravure



HallMark Intranet