FREQUENTLY ASKED QUESTIONS ABOUT JACK COOPER REORGANIZATION

Based on the questions asked on our teleforum and others that have come in, we are providing this FAQ in addition to a summary and questions found in the August 7 "Teamsters Jack Cooper Update."

1. Why can't the junior lender, Solus Alternative Asset Management, LP, just make a further investment in the company? Wouldn't that be easier?

During our meetings with the company and its finance group, it became clear that Solus was unwilling to invest any more money in Jack Cooper without a major financial overhaul or restructuring. The only way it was willing to invest more money into the business was to eliminate debts and potential debts it might inherit in the event it invested more funds. This requires a Chapter 11 bankruptcy process. The best chance for Jack Cooper to survive is to convert hundreds of millions of dollars of current debt to stock "equity" ownership. At the end of this process, current shareholders'(owners) equity will be wiped out, meaning the bankruptcy process will NOT provide any value for their share of stock and Solus will receive 100 percent of stock in the new company for converting $300 million of debt and the additional equity funds it has agreed to invest.

In addition, there are other liabilities that make new investments in the business outside of bankruptcy unlikely. Without going through bankruptcy, the new owners would inherit all the current debt of the company, and potential withdrawal liability owed to Central States and other funds. Based on recent court rulings, that means the new owner, again without going through bankruptcy, could be on the hook for well over $2 billion in withdrawal liability payments which is 20 times the worth of the company—no lender is willing to invest in this company in these circumstances. That's why there were extensive talks between Central States and the potential new owner to eliminate the billions in withdrawal liability. The solution they found was to go into Central States "hybrid" pension plan at a lower contribution rate which, post-bankruptcy, clears the new Jack Cooper of the massive, deal-killing, potential withdrawal liability. In addition, the Central States hybrid plan is designed to limit withdrawal liability going forward which was another condition that Solus needed to be addressed.

2. I am a newer Jack Cooper employee with two years seniority. I see that the Central States Pension Fund has a rule on vesting, stating you must have five years to be vested. So, if the term sheet is passed and the plan is approved in bankruptcy court, will I have to start vesting all over again when we go into the Central States hybrid plan?

No, the time you already have vested under Central States carries over into the hybrid plan.

3. Why is the company in so much financial trouble when the auto industry has done well the past few years and given the company's own financial overhaul a few years back?

Since 2017 the company has suffered a steady decline in business revenue with much of that coming over the past 12 months. Not only has it lost significant business through the cutthroat bidding process that the auto manufacturers have adopted, its biggest customers have decided to spread out the work among many carriers to minimize the risks associated of relying on a single carrier. The auto manufacturers become quite nervous about a possible sudden financial collapse of such carriers. In addition, Jack Cooper has managed to run up too much debt over the years. Since it purchased Allied out of bankruptcy, Jack Cooper has struggled, undergoing a series of highly noticeable refinancings that have only moderately addressed its debt load. Those minor attempts to reduce its debt caught the attention of customers and gave them yet another excuse to move work away from Jack Cooper. Another reason is the age of the fleet. These older trucks cannot haul the same capacity as a newly configured piece of equipment. The difference between a profitable load and a loser is often less than one car or truck being hauled. Also, GM has given virtually all the non-plant locations—the railheads, VDCs and ports—to nonunion competitors as part of their effort to cut $2 billion out of its total vehicle delivery spending. This also means that GM is giving no rate increases to carhaulers, and often demands rate cuts just to keep the business. Toyota has bid out the vast majority of traffic that Jack Cooper used to haul as well. Jack Cooper rarely, if ever, is competitive on bidding on new work due to its cost structure. Simply put, all the old rules of "union built and union hauled" have been thrown out the window and union carhaulers are suffering as a result.

In terms of the current management at Jack Cooper, it attempted to become more diversified and less reliant on Detroit's Big Three for revenue. But, Jack Cooper's logistics people were focusing on new business ventures that didn't pan out. Some of them no longer work for the company.

All these elements have hurt the bottom line significantly this year. New management has indicated it will focus on "blocking and tackling" in the 21st century world of carhauling and have committed to spend money on new equipment to get that done.

4. The "Purchased Transportation" is new and generally not used in carhauling to my knowledge. Why is it necessary and won't it eliminate some jobs?

The NMATA has very tight "work preservation" language and that is not going away. The sole purpose of this new section is to allow the new company to try to protect its existing contractual business when there are plant holds or production surges. Currently, the auto manufacturers assign significant volumes of work to nonunion carriers when there are spikes in production or releases of vehicles for delivery which the Union carriers can't handle

Currently, when Jack Cooper falls behind, the manufacturer takes traffic. Rarely if ever does Jack Cooper have a say in which traffic they take. Quite often it's our premium freight. This traffic is then offered for bid by the manufacturer to the nonunion carriers. If there are no initial takers then the manufacturer will typically increase the rate to attract a bidder. This results in premium revenue flowing into the pockets of our nonunion competitors. Under this proposal, the new company will be able to designate what loads must be given away. They can keep the high revenue loads and give the less profitable to the "Purchased Transportation" (PT) provider. This reduces the revenue to our nonunion competitors and keeps the brokerage fee within the company.

Nonunion carhaulers, who are now the majority of the industry, routinely farm out a percentage of their loads so they can say they are fully servicing the customer. This new provision will allow the new company to claim they are providing full service to the OEMs also by assigning some loads during surges to outside carriers IN VERY LIMITED CIRCUMSTANCES. The union has secured the right to audit any temporary outsourcing in great detail if and when it occurs and has the UNILATERAL RIGHT to shut it off if it is being abused.

There are several other protections including:

- The company has to first offer this overflow traffic to another Teamster carrier.
- It cannot be used in a location where Teamsters are on layoff. If there are any workers on layoff, they must be offered recall first.
- The company must first utilize the provisions of voluntary transfer and additional help provided in the area supplemental agreements if applicable.
- It cannot result in the layoff of any driver or the loss of earnings for any driver in that location.
- The company has agreed to "red-circle" the number of drivers as of ratification in any location that subsequently uses PT (number cannot be reduced as a result of PT).
- It cannot prevent the hiring of any new drivers in that location.
- If the company controls the yard at the location, the PT provider must load offsite.
- If the PT provider abuses any provision of this agreement, it can be permanently removed for the location.
- Union maintains full auditing rights and TNATINC will get monthly reports if and when it is used.
- A finding of non-compliance on the company by the auditor and the Committee will cause a penalty of a 50% in addition to any lost compensation for the driver(s) in any award on grievances regarding PT.

5. Will this term sheet be renegotiated during the upcoming NMATA negotiations?

No, the conditions of the term sheet, if ratified, will carry over and last for the duration of the term sheet expiring on Dec. 31, 2024. If it is not contained in the term sheet it is subject to negotiations with the employers during the 2021 NMATA negotiations.

6. How will this term sheet, if approved, affect the other carriers under the NMATA?

The pension relief this term sheet provides to the new company cannot be used to bid against other employers that are covered by the NMATA. It is similar to the language you may recall from the previous 2005 Allied bankruptcy that kept Allied from using the relief the union had agreed to against NMATA competitors. We have strong language to prevent the new company from using any labor cost savings provided through the term sheet to go after any of Cassens' existing business and we talked about this at length during negotiations of the term sheet. We expect business as usual between the two carriers as they are both under the NMATA and will renegotiate an agreement starting in 15 months. The two companies currently compete, and going forward will compete with each other and nonunion companies for "new business," which means loads that neither Jack Cooper, Cassens or any other signatory company under the NMATA has handled in the past.

7. What will the auto manufacturers do if this term sheet passes, and what do you think they may do if it fails?

While we can't speak on behalf of the auto manufacturers, they are obviously very concerned about anything that could jeopardize the delivery of their automobiles. It is crucial that all entities, the lenders and the union are in agreement. If they believe the plan won't be ratified or if it isn't ratified they will most likely take steps to protect delivery of their vehicles by pulling the work as fast as possible and giving it to other carriers. Unfortunately, our other union carriers have more work than they currently can handle, so the work would most likely go to our nonunion competitors. So the passage of this term sheet goes a long way to alleviate the auto manufacturers' concerns about any interruptions to their distribution. We hope and expect that the manufacturers will get some satisfaction from the fact that new Jack Cooper will be a much more financially stable company going forward and be better able to provide good service with new equipment in the years to come. If this is rejected, this will likely result in the business being shut down and its assets liquidated.

8. I've got a 401(k) with Jack Cooper. I'm just wondering what's going to happen with that during the bankruptcy? Does the new owner assume the 401(k) or does it get dissolved or what?

The existing 401(k) plan will pass through bankruptcy unchanged.

9. I was wondering about the reduction in pension contributions. How was the $150 weekly amount negotiated?

When Michael Riggs, Jack Cooper's current CEO, went on his terminal tour, he floated that figure misguidedly. At that time he still believed he would retain majority ownership of Jack Cooper. Things over the next few months changed. Jack Cooper's financial situation continued to worsen. It became clear that Jack Cooper could NOT be salvaged without a reorganization and sale to new equity owners. No existing or new investor was willing to purchase a company that has withdrawal liability and debt that exceeds more than 20 times its net worth. The only possible buyer, it turned out, was one of the current investment funds that already had hundreds of millions of debt invested in Jack Cooper. So they were willing to swap their existing debt for stock ownership and invest additional money to turn this company around. They were willing to do this under certain conditions. One of those conditions was the extinguishment of the Central States Pension Fund's withdrawal liability. If this didn't occur, they would walk away and take their loss.

The proposed new owner, Solus, reached an agreement with the Central States Pension Fund regarding the extinguishment of the withdrawal liability without cutting the members' earned benefits prior to the effective date of the sale. The agreement provided a $150 per week contribution into Central States on a going-forward basis. The members' future accruals will be based on that amount. Nothing in the term sheet prohibits negotiating a pension contribution increase after the expiration of the proposed term sheet.

The equivalent of the reduction in contributions, at a minimum, must be invested in new equipment which hopefully will put 500 new trucks into service by the end of 2024. This is a crucial part of a potential Jack Cooper turnaround.

10. How does this affect the company Jack Cooper bought out West? Will those workers still be Teamsters and have a pension?

The company is North American Auto Transport and is a subsidiary of Jack Cooper under a separate Teamster agreement. This company is also included in the sale and will have the same
new owner. The retirement plan is a 401(k) plan and is already being paid into the Teamsters
National 401(k) Plan. Unlike the Central States Fund, 401(k) plans do not have withdrawal liability so there is no need of any changes.

11. How does the restructuring plan affect Jack Cooper workers in Canada, including wages and pensions?

The contractual changes don't affect Canadian operations but that the company is filing in Canada. If the contract is rejected in the U.S. it's likely the entire company liquidates which means the Canadian operations could be adversely affected as well.

12. I am 55 years old and have 23 years vested in the current Central States Pension Plan. When we switch to the hybrid plan what are the rules for crediting a year(s) of service?

The same rules are used to determine service credits. If you work 180 days during the calendar year it still constitutes a full year of service under the plan.