

# KEY TERMS OF PLAN TO SAVE TEAMSTER CARHAUL JOBS AT JACK COOPER

Following round-the-clock negotiations with Jack Cooper and one of its lenders during the week of July 29, the Teamsters National Auto Transporters Industry Negotiating Committee (TNATINC) has received a **Last, Best and Final Offer (LBFO)** in the form of a Restructuring Term Sheet to save more than 2,200 Teamster jobs and a total of nearly 3,000 jobs at the company.

The Restructuring Term Sheet contains contractual modifications that the company and its investor states are necessary for the company's survival in a brutal marketplace. In addition, the LBFO Term Sheet and related stakeholder term sheets require sacrifices of all key stakeholders including completely wiping out the existing equity holders and the forgiveness of \$300 million in debt. All the key stakeholders need to reach agreements on the terms of a restructuring which will then need to be implemented through a Chapter 11 reorganization bankruptcy filing. It is our understanding that Jack Cooper will be filing imminently. If all parties agree and the court approves the sale/reorganization plan, Jack Cooper will emerge as a new company, with a new owner, and a lot less debt.

The LBFO Term Sheet, if approved by leaders of carhaul local unions and their members, would run until December 31, 2024. More information will be available soon, but here are the limited contractual modifications:

- There are NO wage concessions;
  - There are NO health care benefit concessions;
  - For members participating in the Central States Pension Fund, by way of agreement with the Central States Pension Fund, a member's accrued pension benefit (adjustable benefit) will not be cut or reduced by this Term Sheet or
- transaction. This means what you've already earned prior to this transaction will not be affected by this sale. On a going-forward basis (effective from the date of company's sale) a member's future pension benefit would then be based on a reduced contribution of \$150.00 per week paid to the Central States Hybrid plan.
- For members currently participating in either the Local 557, 560 or 710 Pension Funds, in lieu of pension contributions, the company will make contributions to the Teamsters National 401(k) Plan on behalf of each employee covered under the Area Supplements in the amount of \$150 per week;
  - New provisions to increase Jack Cooper's ability to service its customers;
  - Restricts the company from using labor cost savings to underbid existing unionized work;
  - The expiration of these modifications is December 31, 2024.

In addition to these limited contractual modifications, the Term Sheet requires other conditions to be met. Key provisions include:

- The new employer will be part of the National Master Automobile Transporters Agreement and the terms of that agreement except as modified by the items above;
- The new employer agrees to be a successor and assume the terms of the contract as modified, including seniority, accrued paid time off and pending grievances;
- Requires senior company officials to reinvest any bonuses paid in 2019 into equity of the new company;
- Restricts going forward "variable" compensation of senior executives for a period of two years

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and ties any compensation to key performance metrics as defined by the current business plan and/or re-fleeting plan;

- Requires the Junior Lender to invest a minimum of \$35 million of new equity into the new company;
- Provides for a minimum annual investment into a new fleet (100 vehicles per year through 2023) and is at least \$20 million per year;
- Provides that the new company will have a majority of new, independent directors in its new Board of Directors and that the CEO will be separate from the Chairman of the Board.

The members of TNATINC unanimously believe these are the best terms available to us given the

circumstances. Committee members support presenting this LBFO to the two-person committee with the hope and understanding that our members at Jack Cooper will be able to vote in the future. We believe the LBFO Term Sheet is the best option to save the livelihoods of about 2,200 Teamsters at Jack Cooper and its affiliated companies.

**The IBT believes that the members have the right to vote on their future and the new company.**

**This is a Last, Best and Final offer—there will be no further offers. From the information presented to the committee, the rejection of the LBFO will lead to the company being sold piecemeal or liquidated resulting in the loss of virtually all jobs.**



**For updates and more information, visit [www.teamster.org](http://www.teamster.org)**

**EXHIBIT A TO JACK COOPER TRANSPORT COMPANY, INC.  
RESTRUCTURING TERM SHEET**

**I. Definitions**

- A. “Jack Cooper” refers to Jack Cooper Transport Company, Inc., and Auto Handling Corporation, the employer and party bound to the National Master Automobile Transporters Agreement (“NMATA”) for the period September 1, 2015, through May 31, 2021.
- B. “New Company” refers to the entity to be created by Jack Cooper’s junior lender for the acquisition of substantially all of the assets of Jack Cooper (and related debtor entities).
- C. The “NMATA” is the National Master Automobile Transporters Agreement covering a national, industry-wide multi-employer bargaining unit of employees for the period of September 1, 2015 through May 31, 2021, between the Teamsters National Automobile Transporters Industry Negotiating Committee (“TNATINC”) and National Automobile Transporters Labor Division Negotiating Committee to which Jack Cooper is bound as a member the Committee.
- D. The “Restructuring Effective Date” shall mean the closing of a sale of all, or substantially all, of the Company’s assets pursuant to section 363 of the Bankruptcy Code to the Buyer, and the execution of a CBA between the Buyer and a union (or the Buyer’s assumption on the closing date of the Modified CBA between the Company and a union) which provides for participation in the Hybrid Plan.
- E. “Area Supplements” refers to the three (3) Supplemental Agreements provided for in the NMATA at Article 2, section 2, commonly referred to as the Central-Southern Supplement; the Eastern Area Supplement, and the Western Area Supplement.

**II. Preliminary Conditions.**

**A. Written Affirmation of New Jack Cooper’s Participation in the Master Bargaining Unit; No Impairment of the NMATA.** Jack Cooper is signatory to the National Master Automobile Transporters Agreement (“NMATA”) in accordance with Article 2, Section 4 of the NMATA and remains obligated pursuant to Article 1, section 3, as to conditions of the transaction.

The New Company will agree, in writing, to assume the obligations of the NMATA, as modified pursuant to this Term Sheet, as a member of the national multiemployer bargaining unit as of the Restructuring Effective Date. The New Company will decide in its sole discretion whether to join the NATLD. Except where expressly otherwise noted herein, all terms and conditions of the NMATA, Supplements and Local Riders shall continue to apply. Jack Cooper and its corporate parents, siblings and subsidiaries shall remain a part of the national multi-employer collective bargaining unit of the NMATA up to the Restructuring Effective Date.

**B. Agreements with Pension Funds.**

1. Agreement with Central States Pension Fund. Jack Cooper will reach agreement with Central States Pension Fund regarding the resolution of its withdrawal liability from that Fund and regarding New Company's participation in that Fund's new employer hybrid fund going forward.

2. Agreements with Other Pension Funds. New Company will not participate in the Local 557, 560, and 710 Pension Funds. In lieu of pension contributions, the employer will make 401(k) contributions on behalf of each employee covered under the Area Supplements to a fund to be designated by TNATINC in the amount of \$150 per week, (or higher amount agreed to by the New Company and Central States Plan). New Company will agree to make contributions on account of employees covered under these supplements that are equivalent to the contributions to be made for employees covered under the Central States Plan.

**C. Assumption of Liabilities & Successorship.** Jack Cooper, as a condition of sale, will assign the Modified NMATA and supplements, as provided for in Article 1, Section 3, and any other labor agreements to which Jack Cooper is currently bound to the New Owner. New Company will also assume other labor agreements in place between the Teamsters and other Jack Cooper subsidiaries including, without limitation the North American Auto Transport agreement, Jack Cooper Rail & Shuttle agreement, and other white paper agreements.

The New Owner will assume responsibility for processing all NMATA employee grievances pending at the date of sale, for accrued but unpaid vacation and sick pay, and other obligations arising out of the collective bargaining agreement that may be processed through the applicable grievance and arbitration procedures of the NMATA, including past practices, but excluding the provisions relating to Jack Cooper withdrawal liability. Jack Cooper and the New Owner shall maintain all current employment practices liability insurance coverages.

**D. Modification of NMATA Supplements.** The NMATA and supplements will be amended as specified in section III, below.

1. **Reservation of Rights by the General President.** Any decision to put the modification of the NMATA or its Area Supplements for ratification is subject to approval of the General President of the International Brotherhood of Teamsters.

2. **Necessity of Approval and Ratification.** Any agreement resulting from the acceptance of this agreement shall be tentative only and shall further be subject to ratification by the affected membership in accordance with the terms of Article XII of the Constitution of the IBT within forty-five (45) days of the date hereof.

**E. Reinvestment of May 2019 Key Employee Retention Payments (KERP) to Jack Cooper Executives.** Within thirty (30) days of the Restructuring Effective Date, the New Company shall require the individuals comprising Jack Cooper’s Executive Committee will reinvest the net proceeds of the May 2019 KERP in common equity of the New Company. For purposes of this paragraph, Jack Cooper’s Executive Committee comprises the Chairman, Chief Executive Officer, President of Jack Cooper Transport, President of Jack Cooper Diversified, Chief Human Resources Officer, Chief Financial Officer, Chief Information Officer, and General Counsel.

TNATINC reserves any and all rights it may have to participate in any estate recovery of funds related to the successful clawback of KERP payments in the bankruptcy case to the extent it or its bargaining unit members hold allowed claims against Jack Cooper or a related debtor, but agrees that it will not initiate or support any such action against any Executive Committee member if such Executive Committee member reinvests the proceeds of the May 2019 KERP payments as described in the preceding paragraph.

### **III. Modifications to NMATA and Supplements.**

**A. Wage Concessions.** There shall be no wage concessions as part of this Term Sheet.

**B. Health Care Benefit Concessions.** There shall be no health care benefit concessions as part of this Term Sheet.

**C. Pension Concessions.**

1. The pension concessions with respect to the Central States Pension Fund shall be as described in the separate term sheet between Jack Cooper and Central States that is attached as Exhibit B to the Restructuring Term Sheet. In satisfaction of Jack Cooper’s obligation in the last paragraph of the section headed “Revisions to CBA” on page 2 of Exhibit B, Jack Cooper will cause the New Company to assume the Modified CBA. No bargaining unit employee covered by the Central States Pension Fund shall suffer a loss of adjustable benefits as the result of Jack Cooper’s withdrawal from the Central States Pension Fund nor the modifications set forth herein.
2. The NMATA and applicable Area supplements will be amended to reflect that New Company is party to a Term Sheet with Central States (attached as Exhibit B) under which it will participate in Central States’ Hybrid Plan as a “New Employer” commencing on the Restructuring Effective Date (as defined below) at the rate established in the Modified CBA. Such rate shall be \$150 per week per covered employee.

No bargaining unit employee covered by the Local 557, Local 560 or Local 710 Pension Plans shall suffer a further loss of adjustable benefits as the result of Jack Cooper’s withdrawal from those funds.

3. Area supplements under which Jack Cooper is currently contributing to other multi-employer pension plans will be amended to reflect withdrawal and to reflect New Company's obligation to contribute to a 401(k) plan on behalf of such employees in an amount of at least \$150 per week.

Jack Cooper and/or New Company will execute the necessary participation agreements with 401(k) plan(s) to achieve this objective as soon as possible.

**D. Purchased Transportation and Overflow.** Per the letter appended as Annex A hereto.

**E. Elimination of Labor Cost As A Factor.** In recognition of the unitary nature of the single national multi-employer collective bargaining unit of the NMATA and the seniority provisions permitting employees to follow their work in the event of acquisition of business by one NMATA carrier of business performed by a different NMATA carrier, and subject to compliance with applicable antitrust law(s), the Pension Concession shall not apply in any instance where New Company acquires business that is part of the book of business of a carrier signatory to the NMATA at the moment immediately preceding its acquisition by New Company. In that instance, the full conditions of the NMATA, including work rules, shall apply to the work so transferred or acquired whether or not any employee follows the work to New Company. New Company shall only use the Pension Concession for its pricing bid to secure "new business" from non-NMATA bargaining unit carriers or secure work at new OEM shipping locations, not previously handled by or transferred from NMATA Employers, as defined under Article 22 of the NMATA.

"Pension Concession" in the preceding paragraph means the changes to the NMATA and its local supplements permitting New Company to participate in the New Employer Limited Liability Pool of the Central States Pension Fund at the \$150 per covered employee per week contribution rate; and in the case of the other Pension Funds, the withdrawal from those funds and resulting cost savings achieved by transferring covered employees to 401(k) plans in accordance with the modifications described above. In instances where the Pension Concession does not apply, or where New Company uses the concession for pricing to bid on work that is not "new business" as defined above, then New Company will be obliged to add \$200 per week to the compensation of any employee working on the business acquired in violation of the preceding paragraph.

**F. Term.** The provisions in this Article III shall expire on December 31, 2024. In the event any provision of the NMATA negotiated and in effect on and after June 1, 2021 conflicts with the provisions of this Article III, this Article III shall control.

#### **IV. Executive Compensation and Covered Employee Profit Participation**

1. T. Michael Riggs will not receive a cash bonus for calendar year 2019, or for the first two (2) full calendar years following the Restructuring Effective Date.

2. The New Company's Executive Committee shall receive no more than 5% of the equity in the New Company immediately upon the closing of the Restructuring.
3. The parties agree that any performance or operational incentive goals established for a non-equity incentive plan need to be aligned identically for all employees in the New Company. To that purpose, and based on the reflecting strategy underlying Jack Cooper's business plan delivered to TNATINC on July 10, 2019 (the "Business Plan"), until 500 new rigs have been delivered into the fleet, for every \$1.00 of non-equity incentive plan compensation paid to New Company's Executive Committee each year, \$1.00 shall be made available for distribution to Teamster-represented employees in the form of a one-time bonus payment to be paid at the same time to all employees.
4. Under no circumstances shall a bonus be paid to the Company's non-Executive Committee senior management (Vice President and above) unless a comparable distribution is made payable to the eligible Teamster-represented employee pool during this reflecting period. Based on the performance of this incentive program, it may be extended by mutual agreement of the parties through the duration of this Term Sheet but in no case shall it be ended prior to Calendar Year 2022 (payable in 2023).
5. Target thresholds in the New Company's non-equity incentive plan will be initially based on the revenue, EBITDA and free cash flow projections in the Business Plan. The benchmarks identified in the Business Plan shall be disclosed to TNATINC prior to implementation and any modification(s) to those benchmarks shall similarly be disclosed to TNATINC or its representatives going forward, in advance of the modification(s). TNATINC shall be afforded the opportunity to review any and all bonus calculations made in this regard.
6. New Company shall not incur debt for the whole or partial purpose of paying bonuses to T. Michael Riggs or any members of its Executive Committee or any person serving on New Company's Board of Directors.
7. For purposes of this section, "Executive Committee" includes New Company's Chairman, Chief Executive Officer, President(s), Division Presidents, Chief Financial Officer, Executive Vice President(s), Chief Administration Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Information Officer, and General Counsel, or persons holding similar titles or responsibilities.

**V. New Capital Investment.** On terms agreeable to the Teamsters National Automobile Transporters Industry Negotiating Committee (TNATINC), Jack Cooper's junior lender agrees to use its debt to acquire 100% of the equity of the New Company. Jack Cooper will obtain concessions from other lenders to facilitate the transaction. Jack Cooper's junior lender agrees to provide \$35M cash equity infusion to facilitate the sale of Jack Cooper to the New Company. Copies of each of the relevant term sheets to be provided to TNATINC.

- VI. Reinvestment in Fleet.** New Company will make capital expenditures of at least \$20M annually, or the lease equivalent, which will include 100% of the Pension Concessions, to reflect at the minimum levels specified in the business plan. Specifically, New Company will carry out the reflighting plan so that it deploys at a minimum one hundred (100) new purchased and/or new leased vehicles per annum through 2023. The New Company agrees to provide a transparent mechanism so that TNATINC and employees can track its contributions to reflighting.
- VII. Corporate Governance/Board of Directors.** TNATINC understands that T. Michael Riggs will become an employee of New Company and will be among the five (5) directors appointed to New Company's Board of Directors. A majority of the members of New Company's Board of Directors shall be independent.
- VIII. Other Miscellaneous.**
- 1. Modification of the Term Sheet.** Each of the Parties has the unqualified right to modify the Term Sheet at any time prior to its execution by the Parties. No Party has an obligation to accept any modification made by the other Party.
  - 2. Disputes.** All provisions of this Exhibit A to the Term Sheet are subject to the applicable dispute resolution procedures provided in the NMATA.
  - 3. Reservation of Rights.** In the event the Ratification in accordance with Section II.D.2 does not occur, this Term Sheet Exhibit A, and each of its provisions shall be null and void. In such event, each party reserves its rights to proceed accordingly.
  - 4. Additional Reservation of Rights.** The parties acknowledge that, consistent with the multiemployer pension plan provisions in this term sheet, and the Central States term sheet attached as Exhibit B, Jack Cooper's failure to make pension contributions that otherwise fall due pending a ratification vote shall in no way (a) prejudice Jack Cooper's ability to seek relief under section 1113 of the Bankruptcy Code relating to this particular circumstance only, but not for any other relief sought or any other circumstance, or be deemed a unilateral modification or alteration of the CBA for purposes of section 1113(f) of the Bankruptcy Code only as to payments due during the ratification period, or (b) prejudice TNATINC or any pension plan to which such payments are due from seeking payment thereof, in each case in the event the CBA modifications described herein are not ratified in accordance with the terms hereof. The parties further understand that, so long as Central States does not invoke the most-favored-nation provision in the Central States, the Company intends to make the pension contributions that fall due to the local pension plans during the period from the date hereof through the date of the ratification vote deadline specified in II. D. 2. above.



Jack Cooper Transport  
and  
Teamsters National Automobile Transporter Industry Negotiating Committee  
Agreement on Purchased Transportation

It is recognized that “Carhaul Work” under the National Automobile Transporters Agreement (“NMATA”) and Work Preservation Agreement includes the brokerage of vehicles tendered by an original equipment manufacturer (“OEM”) subject to a transportation contract between a signatory to the NMATA and the OEM. It shall be a violation of the NMATA and the Work Preservation Agreement for Ultimate Parent, Employer or a Controlled Affiliate (hereinafter collectively referred to as “Jack Cooper Transport” or “JCT”) to engage in brokerage of such OEM loads to non-NMATA bargaining unit operations, except as expressly authorized by Teamsters National Automobile Transporters Industry Negotiating Committee (“TNATINC”) under this Agreement.

The use by JCT of subcontracting under this Agreement, described as purchased transportation service (“PT”), is solely for the purpose of protecting JCT’s regular, contracted OEM traffic during times of excessive volumes due to plant holds or temporary increases in production. All Carhaul Work shall be offered by JCT and rejected by Employers with operational capacity that are signatories to the NMATA, prior to any brokerage or subcontract to non-NMATA operations under this Agreement. In locations where JCT services the release yard, units designated for PT will be moved to off-site locations to be loaded.

JCT shall not use PT at any location where drivers are laid off. JCT shall first recall laid off drivers. In the event of a recall from layoff for a period of thirty (30) days or less, such recall shall be voluntary to the employees. If such employee does not accept this voluntary recall, the employee will maintain seniority on layoff and such layoff will not be considered to prohibit use of PT at that location. JCT shall meet its obligations under Article 38, Section 5 and Article 48, Section 1 of the Central and Southern Areas Supplement, and comparable provisions of the Eastern Area Supplement, before it begins the use of PT. The use of PT by JCT shall not result in a layoff of drivers at such locations. The use of PT also will not result in a loss of earnings for active drivers at such locations. PT usage shall be engineered to the fullest extent possible to minimize PT use and to maximize the use of bargaining unit employees and to allow bargaining unit employees to perform preferential runs and maximize earning opportunity. All drivers at those locations where PT is used shall be protected from layoff directly caused by the use of PT.

The use of PT by JCT shall not restrict or prevent the hiring of new drivers at any JCT terminal. JCT shall maintain the appropriate number of drivers to service contracted regular volumes of OEM traffic at any location. JCT shall protect by red circle the number of drivers as that red circle number exists as of the date of ratification at each terminal location where PT is used. The affected Local Union and TNATINC shall be provided the red circle number in writing as of ratification. The number of drivers at a location shall not be reduced below the red circle number as a direct result of the use of PT. The red circle number itself shall not be

changed, other than, (a) as may be provided for in a National Joint Standing Seniority Committee decision under NMATA Article 5, or (b) to the extent JCT on a consistent, sustained basis utilizes more than the existing red circle number of drivers at a location where PT is utilized, in which case the red circle number shall be increased accordingly.

TNATINC IN ITS SOLE DISCRETION MAY LIMIT OR DISCONTINUE THE USE OF PURCHASED TRANSPORTATION SERVICE (PT) IN ANY GEOGRAPHIC AREA WHERE IT DEEMS APPROPRIATE UPON THIRTY (30) DAYS WRITTEN NOTICE TO JCT.

JCT shall provide to the Union an up-to-date list of purchased transportation providers utilized within thirty (30) days of the end of each calendar quarter. In the event a PT provider repeatedly violates the conditions established under this Agreement, the Union shall have the ability to remove the carrier from future PT utilization.

JCT agrees that an authorized representative of TNATINC (the "Auditor") will have the right to review on a quarterly basis the records of all operations (subject to a mutually acceptable confidentiality agreement) to verify that assignment of Carhaul Work is in compliance with this Agreement (the "Audit"). The Auditor shall provide JCT with notice in writing of the TNATINC request to Audit the specified records. Such records shall be produced at a place and time mutually agreed upon. The cost of the Audit shall be borne by the Union. Records shall include detailed information about loads, such as source, origin location and date, destination location and date, carrier name, load number, units per load or load factors, and length of haul.

In addition, JCT shall, on a monthly basis, unless otherwise required, send to the office of the IBT National Automobile Transporter Industry Division Director a report containing all of the above indicated information in addition to the total number of miles JCT utilized with purchased transportation, inclusive of the type of PTS utilized, including overflow or one-time business opportunities such as product launches.

The Auditor shall be permitted to inform the Union as to whether or not its review discloses that JCT is properly assigning Carhaul Work in compliance with this Agreement and the extent and nature of any non-compliance, if any. A finding of non-compliance with this Agreement disclosed by the review of the Auditor shall authorize a Board of Arbitration to assess a fifty percent (50%) penalty increase on any lost compensation found owing to NMATA bargaining unit employees in any award on grievances filed under Article 33 of the NMATA.

\_\_\_\_\_  
Jack Cooper Transport

Date: \_\_\_\_\_

\_\_\_\_\_  
TNATINC

Date: \_\_\_\_\_