

Summary of the Agreement for the Restructuring of the YRC Worldwide, Inc. Operating Companies



The Agreement for the Restructuring of the YRC Worldwide, Inc Operating Companies (“Restructuring Plan”) was negotiated for the express purpose of providing job security for Teamster bargaining unit employees by creating the opportunity to engage in a complete financial restructuring of YRCW by (i) reducing both its level of debt and its labor costs and (ii) by attracting additional investors.

Below is a summary of the Restructuring Plan 1) Coverage and Economic Terms; 2) Contract Modifications; 3) Key Provisions/Conditions; and 4) Monitoring and Compliance Terms.

Plan Coverage and Economic Terms

The Restructuring Plan modifies and extends the current NMFA and Supplemental Agreements for a two-year period until March 31, 2015 and extends the current 15 percent wage reduction until March 31, 2015. If adopted, the plan would become effective with the first payroll period following ratification. The Restructuring Plan provides for hourly rate increases and equivalent mileage rate increases (less the 15 percent reduction) of 40 cents on April 1, 2011; 45 cents on April 1, 2012; 40 cents on April 1, 2013; and 40 cents on April 1, 2014. The cost of living adjustment is suspended for the life of the Plan. (Sections 1, 3, 6, 7, 14, 15)

The Restructuring Plan extends the Non-Permanent Pension Contribution Termination Period to May 31, 2011. As with the previous Pension Contribution Termination Period, there will be no accrual of benefits during this time period. Effective June 1, 2011, the company will be required to resume its participation in the pension funds at 25 percent of the contribution rate that was in effect on July 1, 2009. (Sections 4, 5)

The Restructuring Plan requires the company to increase the contributions to the health and welfare funds by 35 cents per hour on August 1, 2011; 35 cents per hour on August 1, 2012; 35 cents per hour on August 1, 2013; and 35 cents per hour on August 1, 2014. (Section 11)

The Restructuring Plan reduces vacation amount by one week for all employees with 4 or more weeks of vacation, using the current method of computing vacation pay. (Section 8 (k))

Contract Modifications Included in the National Portion of the NMFA

Section 8 of the Restructuring Plan contains the contract modifications that will be included as part of the first 39 Articles of the NMFA. These modifications include:

- The creation of a “four hour guaranteed local cartage classification” to enhance the Company’s ability to compete and provide work for laid-off employees. (Subsection a)
- Flexibility on Drop & Hooks and Spotting Trailers, Pre-Stringing Trailers, and Drop & Picks (Subsections b, d, and e)
- Language that permits a Sunday through Saturday Flex Week in all Supplemental areas. (Subsection c)
- An ability to use Road Casuals in all Supplemental areas in line with current established practices and expanding the job duties of hostlers within their own general classification. (Subsections f and i)
- The Company can add up to 3 additional start times to a maximum of 12. (Subsection g)
- Other alterations, such as reduced break times and new lunch hour designations reflect the minimum standards that are in place in various regions of the country. (Subsection h and j)

Key Provisions/Conditions for the Restructuring Plan

There are a number of key provisions the union insisted upon as a condition of the economic relief:

- First is that the Union will be involved in the discussions around debt reduction with the existing lenders and new equity investment with potential investors. Incorporated into the Restructuring Plan is a “Term Sheet” that establishes a framework for a corporate transaction, the Unions role in structuring and participating in such a transaction, and the key elements that must be achieved for the Union to permit concessions to continue. (Section 2; See separate Summary of Term Sheet for additional details)

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- In addition to participation in the debt reduction and equity investment discussion to create a sustainable company, the Term Sheet also indicates that in exchange for the cost savings the Union will require equity ownership of the company and, at a minimum, one additional board seat. (Section 2; See separate Summary of Term Sheet for additional details)
- The concept of equal sacrifice that was contained in prior agreements. Management and non-union employees are required to participate in cost sharing in an equal manner. (Section 4)
- The expansion of recall rights from the prior agreement continues. That provision provides for additional job security for laid off bargaining unit employees is provided by amendment of Article 5, Section 1(b) of the NMFA to extend recall rights from 5 to 10 years. (Section 12)
- A series of “snap back” protections that provide wage snap backs to the full NMFA rate if the plan is terminated, if the employer files bankruptcy or if there is a material change in ownership (i.e., if the company is sold). (Sections 19, 20, 24)
- The right of bargaining unit employees to take a leave of absence without pay during the Non-Permanent Pension Contribution Termination Period is extended until June 1, 2011. (Section 23)

Monitoring and Compliance Terms

In addition to the key provisions, the Restructuring Plan contains language on monitoring and enforcement rights. The employer is required to share financial information sufficient for the union to monitor compliance. (Section 16)

In addition, a subcommittee is created to monitor compliance, resolve disputes and discuss other pertinent information including the implementation of the employer’s business plan. Disputes if not resolved by the subcommittee, will go to the grievance procedure in the NMFA. (Section 17)