



FREQUENTLY ASKED QUESTIONS

QUESTION: What happens if the tentative agreement is voted down, and why did TNFINC grant the company an extension?

ANSWER: Every single member of the Teamsters negotiating committee as well as TNFINC's economists all believe that the companies cannot afford *any* more money, not one penny. If the National Master portion of the agreement is voted down it will constitute a strike authorization in accordance with the IBT Constitution. In all likelihood it would never come to a strike, because the customers would likely pull their freight away from the companies before that could happen. We saw this beginning to happen in the final days leading up to the tentative agreement.

The extension agreement was given only after we reached a tentative agreement. The companies wanted an extension earlier but the committee was unified that an extension would only be given after a tentative agreement was reached. The customers, however, were paying close attention to the negotiations and were threatening to pull their freight away from the companies. This put a lot of pressure on the companies and helped at the table but also resulted in some accounts being lost. In short, the extension agreement until May 31 is necessary to keep the customers in place while the ratification process takes place.

QUESTION: Why are YRC Freight and Holland allowed to use Purchased Transportation (PT) and why is the language different for each company?

ANSWER: The reality is that some use of PT is necessary for the companies to move less time-sensitive freight but also acquire new work, service existing customers and grow. Plus, there is an industry-wide shortage of CDL drivers that is particularly hurting the YRCW group of motor carriers since 2014. Also, the restoration of the additional week of vacation amounts to over 14,000 additional weeks of vacation per year. It is also important to note that YRC Freight and Holland, however, have very different freight operations. The PT provisions were carefully crafted and limited to apply to each company's unique operation. For example, Holland uses a "system-wide dispatch" and does not have the national "breakbulk" system or long-haul road "lanes" that YRC Freight operates. Plus Holland has never had the ability to use PT before, whereas YRC Freight has been able to use a limited amount of PT for the last five years. Both PT provisions contain significant protections for the bargaining unit. Both PT programs expressly require the companies to engineer the use of any PT to maximize bargaining unit work and minimize PT and **TNFINC, in its sole discretion, can limit or shut off completely the use of PT by either company.** The use of PT is intended to allow each

company to grow and meet service requirements but not replace Teamsters or deprive Teamsters of work opportunities. In fact, the company is expressly prohibited from using PT to avoid hiring bargaining unit employees and both programs provide strong (and in YRC Freight's case, enhanced) earnings protections for Teamsters plus enhanced monitoring of PT use by TNFINC.

QUESTION: Does the IBT own 25% of YRCW?

ANSWER: No. There are a few rumors out there that the IBT itself received a significant portion of stock during the YRCW restructuring through the MOUs. Those rumors are false and misleading. The facts are that in 2011 as part of the restructuring that saved YRCW from liquidation, Teamster members (not the IBT) were granted a 25% share of certain YRCW stock in the restructured company. For various tax purposes those shares were divided up among the qualifying employees, and put in each individual employee's 401(k) account administered by Prudential Financial Company. Thereafter, the employee was free to maintain the shares in his/her individual account, sell the shares, or otherwise dispose of those shares as he/she saw fit. This was accomplished in 2011 and was completed by the end of that year. In short, the IBT does not own, and has never owned, those shares.

QUESTION: Was the issue of YRCW executives taking bonuses addressed in negotiations?

ANSWER: Yes. We have a new system in place that we believe will go a long way toward stopping YRCW executives from giving out excessive bonuses and will allow for employees as well as executives to benefit if the company does well. In 2014, the YRCW executives received certain bonus payments. Those bonuses, in the eyes of the union, were wrong and offensive. Earlier this year, YRCW executives received performance bonuses for last year. The total amount of the bonuses for 2018, while a lot of money for a few individuals, is not a huge amount when spread across all 30,000 employees of the entire corporation. Nevertheless, the bonuses were a significant issue in bargaining and stirred up a lot of anger and resentment from TNFINC. Although corporate executives normally have some sort of incentive program, and may even deserve to receive bonuses, the union was, and continues to be concerned that YRCW corporate executives not take bonuses on the backs of the members. As a result, the union committee insisted that our members should also receive bonuses if the executives got bonuses going forward under the new agreement. The tentative agreement addresses that issue in a couple of ways. First,

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for calendar years starting in 2019 and each year thereafter, (i.e., bonuses to be paid next year), for every \$1 that the YRCW executives receive in monetary bonuses, the bargaining unit will receive \$2 to be split equally among the membership. For example, if the executives receive a total of \$10 million in bonuses next year, the members will receive twice that amount or \$20 million. The result is that the \$10 million bonus pool for the executives will actually cost the company \$30 million (\$10 million + \$20 million for the membership). This was designed as a disincentive and should make the YRCW Board of Directors think twice before handing out millions of dollars to the executives. If the YRCW Board of Directors seeks to give stock instead of cash, the tentative agreement requires that each bargaining unit member be given \$750 in a cash bonus. This cash bonus, if the executives receive stock bonuses, will total approximately \$18.5 million for the members (for example, 25,000 members x \$750 each). This too should make the YRCW Board think hard before handing out stock bonuses instead of cash. Also, if they do both cash and stock in a given year, the members receive the higher of the two bonuses discussed above: either 2 times the amount of cash bonus or \$750 for a stock bonus.

QUESTION: Why didn't we get more money, either in wages or in pension restoration?

ANSWER: Quite simply, TNFINC stretched the companies as far as possible with this economic settlement. The union negotiating committee initially demanded a full wage and pension restoration, and the companies admitted they probably need to pay higher wages in order to hire and retain more CDL drivers. But after a thorough review of YRCW's financial position, the money just isn't there. For example, the cost of even a \$1.00 per hour increase in either wages or benefits costs more than \$50 million in just one year (\$1.00 x 25,000 employees x 2,080 hours per year). The cost is actually more for wages when overtime and employer-paid payroll taxes are factored into the total. That amount obviously also rises as the figures are compounded multiple times over the next five years.

Plus, the union committee drew a line in the sand against the companies' efforts to put limits on other economic items that are highly important to the membership. One of these concerns was maintaining the current medical benefits without employee co-pays on premiums which is a huge cost to the companies. Also, restoration of the forfeited week of vacation for senior employees alone costs over \$14 million per year. Indeed, there are over 14,000 members who will receive the restored vacation week. These are just a few of the new costs of the tentative agreement. In fact, the union estimates that the tentative agreement will cost the YRCW companies

more than **a billion dollars** in new money over the course of the next five years. The company opened its books up to the union's economists and made its chief financial officer available for multiple weeks to review all of the companies' finances and calculations. Several meetings were held and, in the end, the union committee determined that there was simply no more money to get without putting the companies at significant financial risk during the term of the agreement.

QUESTION: Was HNRV Logistics addressed in negotiations?

ANSWER: Yes. In late 2018, YRCW created HNRV Logistics to try to offer one-stop shopping to its customers. TNFINC has spoken directly with the CEO of YRCW and received assurances that any and all LTL freight and the type of freight normally carried on YRC Freight, Holland, New Penn and Reddaway, will continue to be carried by those companies and that HNRV will not use any other LTL carriers. TNFINC requested and received those assurances in writing. [See the letter on YRCW letterhead at the end of the National Master Portion of the Tentative Agreement.] In fact, YRCW expressly committed to the fact that job security at its Teamster-represented operating companies is a core principle of the new contract and that not only will the traditional work of Teamsters be protected but that YRCW will also seek to use the YRCW Teamster carriers first to try to perform new types of work that they do not normally perform (e.g. specialty hauling, custom truckload movements) before allowing HNRV to use an outside source for those items. The purpose of HNRV is to provide customers with options so that they will use YRCW for managing their freight and increase the amount of shipments that Teamsters handle. In short, HNRV will not be used to divert any Teamster work away but will hopefully bring more work into the bargaining unit.

QUESTION: Can I be forced to use the 34-hour restart and work 70 hours in an eight-day work week?

ANSWER: No. Use of the 34-hour restart combined with a "70 in 8" work week is **100% voluntary** on the part of the driver. It is completely up to the driver if he/she has enough DOT hours left to work an extra shift. Plus, the use of the 34-hour restart and "70 in 8" cannot be used to alter seniority, bids or runs. It is simply a way to reduce the use of nonunion contractors and allow Teamsters to perform more work and earn more money **if they so choose**. It is a tool for the driver to maximize earning opportunities and balance personal time, not for the company to force anyone on extra trips.