



# Summary of the Tentative Agreement

Extending and Modifying the Current Agreements with YRCW and its Operating Companies YRC Freight, New Penn, Holland and Reddaway (Collectively referred to herein as "YRC")

Following the rejection of the Company's initial proposal, many of you contacted TNFINC and urged that we re-engage the Company in a final attempt to allow it to remain in business. While the Company wanted us to re-vote the initial proposal, and used members of Congress and other government agencies to pressure TNFINC to merely send out new ballots on the same old offer, we refused to do so. We heard your objections and respected the outcome of the ratification vote.

The Company finally conceded and we entered into real negotiations. However, the fact remains that the Company is in dire financial condition and has immediate deadlines to meet or face the danger that some of the creditors will force it into bankruptcy. We believe the following improvements have met the complaints we've heard from you about the initial proposal and we urge you to carefully consider the tentative agreement and the alternatives.

Among the improvements from the initial proposal are:

- Employees on seasonal layoff will be eligible for the lump sum bonus
- The wage freeze for current non-CDL employees has been eliminated
- The starting rate for non-CDL new hires has been increased with a \$1.00/hr annual progression
- Employees subject to the attendance policy will have a "fresh start"
- Employees will keep all of the vacation weeks they have earned and it will be paid at 45 hours/week by the end of the agreement
- The proposal to use Utility Employees has been eliminated
- Restrictions on the use of PTS have been specified and protections for members at affected terminals have been improved

The tentative agreement, if ratified, would apply to Teamster represented employees of all YRC Companies (YRC, Inc., USF Holland, Inc., New Penn Motor Express, Inc., and USF Reddaway, Inc.). It would modify and extend the 2010 Restructuring Agreement which will in all other respects remain in full force and effect through March 31, 2019. **Please refer to the tentative agreement itself for complete details.**

• **Term [TA ¶ 1]:** Under the tentative agreement, the terms of the 2008-2013 National Master Freight Agreement and applicable Supplements ("NMFA"), the modifications set forth in the 2010 Restructuring Agreement ("2010 Restructuring Agreement") and the USF Reddaway Western Contract and Northwest Agreement ("Reddaway Agreements") would be extended from March 31, 2015 until March 31, 2019, with a number of changes. Except as changed by this Tentative Agreement, the NMFA, the 2010 Restructuring Agreement and the Reddaway Agreements would remain in place.

• **Ratification Bonus and Lump Sum Payment [TA ¶ 2]:**

There will be a \$750 lump sum payment for each regular employee on the seniority list in the event the tentative agreement is ratified and becomes effective, provided the employee was active within 90 days of December 31, 2013 and is still employed at the time of the payment. This payment would replace and be in lieu of the \$.40 increase due on April 1, 2014 under the 2010 Restructuring Agreement. There will also be a second \$750 lump sum payment on April 1, 2015 for all regular full time employees on the seniority list who have been actively working for the prior 12 months. There would be no hourly/mileage pay increase during 2015. Regular full-time employees who have been subject to seasonal layoff between April 1, 2014 and March 31, 2015 will not be disqualified from receiving the \$750 lump sum payment. Employees laid off for other reasons will not be eligible for the lump sum payment. For employees who already received a 2014 wage increase, that increase will remain in effect only until payment of the ratification bonus, at which point the wage rate will revert to the pre-2014 increase rate. The Company is not, however, permitted to try to recoup the 2014 increase earned prior to the payment of the ratification bonus.

• **Wages [TA ¶ 3]:** No current Teamster represented employee shall have his/her wage rate reduced as a result of this tentative agreement. Wage increases (with equivalent mileage rate increases) will, however, be subject to the 15% reduction set forth in the 2010 Restructuring Agreement per practice as follows:

April 1, 2016	\$ .40/hr	(x 15 % reduction = \$.34)
April 1, 2017	\$ .40/hr	(x 15 % reduction = \$.34)
April 1, 2018	\$ .40/hr	(x 15 % reduction = \$.34)

• **Wage Freeze for Non-CDL Eliminated:** The Company’s prior proposal to freeze the current non-CDL employees’ (e.g. dock, clerical, janitor and maintenance) wage rates has been eliminated by the Tentative Agreement. Current non-CDL employees will receive the same wage increases and bonuses as the drivers.

• **New Hire Non-CDL Rate Increased [TA ¶ 7(d)]:** The wage rates for newly hired non-CDL employees (e.g. dock, clerical, maintenance and janitor) have been increased. Under the Company’s prior proposal, new hired non-CDL employees had a top rate of \$16.00 per hour and would start at \$13.60 per hour. Under the tentative agreement, newly hired non-CDL employees start at \$14.00 per hour and receive a \$1.00 per hour increase on their anniversary date until they reach a top rate of \$18.00. Furthermore, these rates are not subject to the 15% reduction in effect from the 2010 Restructuring Agreement.

• **Health and Welfare Contribution Increases [TA ¶ 4]:** Under the tentative agreement, the Company will maintain health and welfare benefits at current levels by maintaining current contributions, and increasing them by up to the following amounts if and as required by the applicable health and welfare funds:

January 1, 2015	up to \$.35/hr
August 1, 2015	up to \$.50/hr
August 1, 2016	up to \$1.00/hr
August 1, 2017	up to \$1.00/hr
August 1, 2018	up to \$1.00/hr

The 2010 Restructuring Agreement would be modified so that the August 1, 2014 health and welfare increase will be deferred to January 1, 2015, as reflected above.

• **Pension Contributions [TA ¶ 5]:** The Company will continue to make contributions to the applicable pension funds or 401(k) plan at 25 % of the 2009 rate, consistent with the 2010 Restructuring Agreement. However, if any health and welfare funds need less than \$.60/hr on August 1, 2016, \$.70/hr on August 1, 2017 or \$.75/hr on August 1, 2018 in order to maintain benefit levels, the difference between the amount required and \$.60/hr, \$.70/hr or \$.75/hr, as applicable may be directed by the applicable Supplemental Negotiating Committee to increase the contributions to the corresponding pension funds or 401(k) plan.

• **Profit Sharing Bonus [TA ¶ 6]:** The profit sharing bonus is clarified to provide that it is not subject to the 15% reduction contained in prior MOUs.

Beginning in 2016, profit sharing bonuses would be payable based on the prior calendar year’s performance where the annual published operating ratio is within the following specified ranges:

YRC FREIGHT OPERATING RATIO	BONUS AMOUNT
96.1 to 97.0	1 % of W-2 earnings for previous year
93.1 to 96.0	2 % of W-2 earnings for previous year
93.0 and below	3 % of W-2 earnings for previous year

REGIONAL CARRIER COMBINED OPERATING RATIO	BONUS AMOUNT
94.1 to 95.0	1 % of W-2 earnings for previous year
92.1 to 94.0	2 % of W-2 earnings for previous year
92.0 and below	3 % of W-2 earnings for previous year

-Regional Carriers are Holland, New Penn and Reddaway.

-W-2 earnings will exclude any profit sharing bonuses earned during the previous year.

-Employees who resign, retire or whose employment is terminated during the year in question shall not be eligible for a bonus.

• **National Attendance Policy [TA ¶7(a)]:** The Company may adopt the National Uniform Attendance Policy, which is the policy currently in effect in the Western Area. Additional language has been added to the Company’s prior proposal expressly stating that all employees receive a “fresh start” under the policy, including those in the Western Region. This change does not apply to USF Reddaway, however, which will maintain its current policies.

• **Proposed Elimination of One Week of Vacation Removed:** The Company’s prior proposal to reduce vacation by one week for employees with three weeks of vacation has been eliminated by the tentative Agreement. The amount of vacation now remains unchanged.

• **Vacation Pay Calculation [TA ¶ 7(b)]:** The reduction in vacation pay calculation previously proposed by the Company has been modified. Under the tentative Agreement, vacation currently paid at more than 40 hours per week will now be paid at 40 hours for vacation earned in 2014, 2015 and 2016. However, it will be paid at 42.5 hours for vacation earned in 2017 and will return to 45 hours for vacation earned in 2018. Similarly vacation pay currently calculated at 1/52 will be paid at 1/58 in 2014, 2015 and 2016. In 2017 it shall be 1/55 and in 2018 it shall return to 1/52.

• **Vacation Use Option for employees [TA ¶ 7(b)]:** Between the months of March and October, employees (at the employees’ option) would have the option of working and receiving pay in lieu of vacation, provided the pay in lieu of vacation would be made in 1 week increments.

• **Direct Deposit [TA ¶ 7(c)]:** Where not prohibited by law, all employees would be required to use automatic electronic deposit of their paychecks. Accommodations are proposed for situations in which deposits are not made appropriately due to

Employer error or for employees who are unable to obtain bank accounts.

• **Purchased Transportation (PTS) [TA ¶ 7(e)]:** The language in the tentative agreement clarifies and modifies the prior proposal. The Company will be allowed a limited use of road sub-contractors, namely up to 6% of total annual miles and 26 % of total miles maximum combined road and intermodal rail. However, the following clarifications and protections have been added:

- > The "intent" of the PTS provision is spelled out and is for the express purpose of generating growth and additional job opportunities for bargaining unit employees. [TA ¶ 7(e)].
- > The use of PTS only applies to YRC Freight and not to Holland, New Penn or Reddaway. [TA ¶ 7(e)].
- > PTS is limited exclusively to direct, "closed door" service from distribution center to distribution center only. A PTS driver will not VIA to a customer or another YRC freight terminal location. [TA ¶ 7(e)].
- > YRC Freight will not use PTS at any location where road drivers are on layoff for economic reasons. All road drivers must be recalled before use of PTS. This protection, however, does not apply to a road driver who declined a transfer through a change of operations. [TA ¶ 7(e)(i)].
- > All Active Road drivers on the effective date of the agreement will be red-circled by name and protected from lay-off caused directly by use of purchased transportation. [TA ¶ 7(e)(ii)].
- > The number of active road drivers at each location is also red circled and cannot fall below that figure as a result of PTS. [TA ¶ 7(e)(iii)].
- > All active bid drivers and active extra board drivers have their earnings protected. Additionally, boards at intermediate relay locations have weekly earning protections, calculated by using the four (4) week average method. [TA ¶ 7(e)(v)-(vi)].
- > PTS drivers are limited to sliding his/her power unit only to a specified yard location and cannot "bump the dock" or perform any other hostling duties. [TA ¶ 7(e)(viii)].
- > PTS dispatches are counted for purposes of adding to road boards or recalling employees if used to run over the top of linehaul domicile terminals and relay terminals. [TA ¶ 7(e)(x)].

• **Utility Employee:** The Company's prior proposal to expand the use of "Utility Employee Operations" has been eliminated by the Tentative Agreement. There is now no change to the existing practice regarding the Company's ability to use of Utility Employees.

• **Direct Service Area [TA ¶ 7(f)]:** This provision permits the Company to discontinue service to low volume and unprofitable areas and use contractors. It is subject to the existing change of operations procedures. The Company is required to reinstate the work to the bargaining unit if freight volumes increase and it becomes profitable. Protections have been added to provide that profitable runs must continue to be run by bargaining unit employees. Also, no employees at affected locations will be laid off as a direct result of this provision unless they decline a transfer opportunity through a change of operations. Furthermore, all pick-up and delivery work within a 50 mile radius of a terminal and currently performed by that terminal will continue to be performed by bargaining unit employees.

• **Equality of Sacrifice [TA ¶ 8]:** The tentative agreement confirms that the equality of sacrifice language from the 2010 Restructuring Agreement will continue to apply for the term of the proposed Extension Agreement.

• **Work Preservation [TA ¶ 9]:** The work preservation provisions of the 2010 restructuring agreement are reaffirmed. Additionally, the Company agrees that it will not attempt to acquire any union (i.e. ABF) or non-union carrier without prior approval of TNFINC.

• **Subcommittee to Monitor Compliance and Access to Company Financial Records [TA ¶ 10]:** The provisions from the restructuring MOU creating a subcommittee to monitor compliance with the agreement and providing for access to otherwise confidential and/or proprietary information are reaffirmed.

• **Effective Date [TA ¶ 12]:** The tentative agreement is contingent upon ratification and a successful refinancing. In other words, if the Company does not obtain satisfactory refinancing, the tentative agreement does not take effect. This ensures that all stakeholders are involved.