Summary of Economic Relief Plan

The Revised Job Security Plan ("Revised Plan") Memorandum of Understanding was negotiated to provide job security for Teamster bargaining unit employees during the worst economic conditions in recent history facing YRCW and the entire freight industry. After thorough review of the company's financial books and records for several months by independent financial experts, the Union entered into discussions with the company regarding economic relief. In exchange, the Union insisted on key provisions including:

- the ability for the Union to appoint a director to the Board of Directors;
- requires equal sacrifice among all YRCW employees;
- the ability to obtain additional stock in the company;
- return of any bargaining unit work transferred to India or other countries;
- limits the expansion of YRC Logistics and a process to transfer its work to the bargaining unit;
- places restrictions on how the savings from the economic relief can be used; and
- provides for wages to "snap back" to full rates under the NMFA if the company goes into bankruptcy or is sold.

The plan also provides for additional monitoring and compliance mechanisms. Below is a summary of the Revised Job Security Plan coverage and terms, key provisions/conditions and monitoring and compliance terms.

Plan Coverage and Economic Terms

The plan calls for a reduction in gross wages and mileage rates by an additional 5 percent (for a total of 15% reduction when the 10% reduction from the prior Plan is added) effective the first payroll period after ratification and continuing through the term of the NMFA—March 31, 2013. The wage and mileage increases called for under the NMFA will also be reduced by an additional 5 percent. The cost of living adjustment is suspended for the life the Plan. (Sections 1, 3, 4, 9, 10, 17)

The Revised Plan also provides for a Non-Permanent Pension Contribution Termination Period from July 1, 2009 through December 31, 2010 during which time the company may terminate its participation in the pension funds and make no contributions to the funds. During this 18 month Pension Contribution Termination Period, there will be no accrual of benefits. At the end of the Pension Contribution Termination Period, the company will be required to resume its participation in the pension funds effective January 1, 2011 and make pension contributions. (Section 2)

The Revised Plan requires the company to increase the contribution to the health and welfare funds by $0.20 per hour on August 1, 2009 and by $0.40 per hour on August 1, 2010. Effective August 1, 2011 and August 1, 2012, the contribution rate increases to the health, welfare and pension funds shall be the full contractual rate of $1.00 per hour. (Section 6)

Key Provisions/Conditions for the Revised Plan

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

- First is that JP Morgan Chase and the other banks enter into agreements with YRCW in which they provide a fair share of the economic relief given to the company. (Section 24)
- Second is the concept of equal sacrifice. Management and non-union employees are required to participate in cost sharing in an equal manner. If cuts made to these individuals already in 2008 (termination of retiree medical, suspension of defined contribution pension, plan, freezing of defined benefit plan, increased cost of health care and elimination of wage increases for 2009) do not meet the 15 percent compensation and pension reduction, then additional wage and benefit cuts must be implemented. During the Non-Permanent Pension Contribution Termination Period of 18 months, the company is prohibited from making any contributions on behalf of non-bargaining unit employees to employer provided pension funds or to a 401(k). (Section 4)
- Third is the ability for those taking the additional 5 percent wage cut to have the opportunity to earn some of that money back if the company's stock appreciates. This comes in the form of stock options. A New Stock option Plan will be established to provide bargaining unit employees with options to

purchase an additional 20% of the company's outstanding shares of stock. This 20% is in addition to the previous 15% provided under the prior wage reduction plan (Section 11)

- Fourth is work preservation. The employer is prevented from purchasing any non-union regular route freight entity without approval of the union and limits the employer's use of savings achieved by the economic relief to expand non-union operations in North America and overseas. The Union also secured new organizing rights through card check and neutrality language at the non-union and partially represented freight companies YRCW currently operates or may acquire. The new language also includes new ways of resolving any disputes with work preformed by YRC Logistics. Finally, the employer is prohibited from transferring bargaining unit work to India or other countries and will return such work which was transferred. (Section 14(c))
- Fifth is the expansion of recall rights. 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 7)
- Sixth are 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 15, 16, 21)
- Seventh is the right of bargaining unit employees to take a leave of absence without pay during the 18 month period of the Non-Permanent Pension Contribution Termination Period. (Section 19)
- Eighth is the union's right to select a person to serve on the YRCW Board of Directors. (Section 28)
- Ninth is the appointment, with the Union's approval, of a "designated" corporate official who has the authority to make operational, financial and personnel changes to YRCW and its subsidiaries. (Section 27)
- Tenth, management had to certify its representation to the union that, to the best of its ability, the business plan it presented is likely to succeed. The "representation" gives the union recourse if management improperly represented the facts. (Section 20).

Monitoring and Compliance

In addition to the key provisions, the plan contains additional language on monitoring and enforcement rights. The employer is required to share financial information sufficient for the union to monitor compliance with the plan and pay for an annual audit to determine compliance. (Section 12)

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 to go to the grievance procedure in the NMFA. (Section 8, 13)