



# TEAMSTERS YRCW UPDATE

JULY 22, 2011



**Restructuring Plan Closes, Provides  
Company With Path to Recovery**

## **Plan Aimed to Save More Than 25,000 Teamster Jobs at YRCW is Completed**

**T**he plan to restructure YRC Worldwide Inc. (YRCW) aimed at saving more than 25,000 Teamster freight jobs has been completed, Teamsters General President Jim Hoffa announced today.

“The completion of the restructuring is a significant accomplishment in our efforts to preserve decent jobs,” Hoffa said. “Make no mistake, this transaction will help strengthen YRCW and most importantly, save more than 25,000 Teamsters’ jobs at the company. It has been a long, difficult road for our members at YRCW. Your significant sacrifices, support and hard work laid the foundation for the comprehensive restructuring that

infused new capital, created additional liquidity, reduced debt and installed a new CEO and Board. Because of the restructuring, YRCW will now have the cash to focus on operations and a new CEO and Board to implement its operating plan. With these difficult three years behind us, we can look forward to a brighter future.”

The transaction provides a large boost in liquidity via a \$100 million new money investment as well as expanded availability from the company’s asset-based lending facilities and will give YRCW a runway to build upon the positive momentum developed over the last six months. In addition to the financial benefits of the transaction,

the company has appointed an entirely new board of directors, consisting of two representatives nominated by the Teamsters. A new CEO, appointed by a committee led by the Teamsters National Freight Industry Negotiating Committee (TNFINC) and lenders, will also be joining YRCW.

“General President Hoffa and I are proud that this important transaction has closed and our members’ jobs and benefits will be protected,” said Tyson Johnson, Director of the Teamsters National Freight Division. “The Teamsters Union and its members look forward to being a part of YRCW’s future growth and success—both as owners and employees. Over the next several months, Teamster leaders and our board representatives will work with the new management team to help guide YRCW’s sustained success and build on this momentum.”

In addition to addressing the key liquidity provisions of the Restructuring Plan/MOU, the Teamsters and TNFINC have negotiated a 25 percent ownership stake in YRCW for Teamster members as part of the transaction. **Please refer to the information that follows in this newsletter for important information about the distribution of shares, which will occur 6 to 8 weeks following the July 22 close. For ongoing updates, visit the Teamster’s website ([www.teamster.org](http://www.teamster.org)) and look for the YRCW update section.**

# TEAMSTERS

## National Freight Industry Negotiating Committee



Dear Teamster YRCW Members,

Following up on our previous letters and reports regarding YRCW's restructuring efforts, we are pleased to provide you with the following information regarding the equity ownership that was negotiated to provide an economic benefit to eligible Teamster YRCW members as part of the October 2010 MOU.

In exchange for the economic concessions granted by YRCW Teamster members over the last two years, the Teamsters National Freight Industry Negotiating Committee (TNFINC) has secured a 25-percent equity ownership stake in the restructured YRCW. Accordingly, YRCW will make a stock distribution for the benefit of YRCW Teamster members upon the closing of the restructuring transaction on or before July 22, 2011.

The shares will be distributed to you through a tax-qualified 401(k)—the Teamsters-National 401(k) Savings Plan, managed by Prudential Retirement. A tax-qualified plan was selected to defer your tax exposure until you remove the shares from the plan instead of when the shares are granted.

The grant will initially be made in convertible preferred stock and be held by the Teamsters-National 401(k) Savings Plan. The preferred stock will convert to common shares approximately 45 to 60 days after the close of the restructuring, subject to the completion of certain transactions. Upon conversion, each eligible participant will receive their allocation of shares. Upon the distribution, it will be up to you to decide if and when to sell the YRCW shares and direct the proceeds from such sale into the other investments that may be available in the Teamsters-National 401(k) Savings Plan. Alternatively, you may request a distribution of the YRCW shares (or the proceeds from reinvestment of those shares) from the plan at any time after the YRCW shares have been held in the plan for 24 months or upon your retirement, if earlier. Please remember that if you do withdraw the YRCW shares, or proceeds from the sale of those shares, prior to age 59 ½, you may be subject to early-withdrawal tax penalties. Also, any distribution of the shares prior to the 24 months will be subject to the withdrawal provision of the plan today.

Enclosed is additional information regarding the equity grant and distribution in the form of a summary and frequently asked questions. Please review these documents carefully. You can get updates and view materials related to YRCW's restructuring at [www.teamster.org](http://www.teamster.org). Please look for additional information about your individual plan accounts from Prudential Retirement in late August or early September.

We thank you for your patience and recognize the great sacrifices you have made to facilitate the restructuring of YRCW—without your sacrifice, YRCW would not be here today.

Fraternally,

James P. Hoffa, Chairman, TNFINC

Tyson Johnson, Co-Chairman, TNFINC

## Summary of Equity Grant and Distribution

- As part of the October 2010 MOU, TNFNC negotiated a 25 percent equity ownership stake in YRCW to provide an economic upside reward to Teamster YRCW members on account of their pay and benefits concessions.
- Shares of YRCW common stock will be issued to active Teamster YRCW members (excluding casuals), who were on the payroll as of September 24, 2010 and had earnings between January 1, 2011 and June 30, 2011.
- The allocation of shares to eligible participants will be determined based on the eligible participant's earnings between January 1, 2011 and June 30, 2011. (This is the same formula used in the prior options plans.)
- The YRCW shares will be issued to the tax-qualified Teamsters-National 401(k) Savings Plan and allocated to eligible members under the plan.
- All eligible members will automatically have an account created (new accounts will be created only for those individuals that do not already participate in the 401(k) plan; if you have an existing account, shares will be deposited there) when the preferred stock (initially issued at the close of the restructuring to the Teamsters-National 401(k) Savings Plan for the benefit of Teamster YRCW members) is converted to common stock shares, which is estimated to occur 45 to 60 days after the closing of the restructuring on or before July 22, 2011.
- Eligible members will be immediately fully vested in the YRCW shares allocated to their Teamsters-National 401(k) Plan accounts.
- Eligible members will be able to direct the voting of the YRCW shares allocated to their Teamsters-National 401(k) Savings Plan account
- Once the accounts are created, it is up to the individual plan participant to determine if and when they wish to sell their allotted YRCW shares and reinvest the proceeds in other investment options offered in the Teamsters-National 401(k) Savings Plan.
- You may request a distribution of the YRCW shares (or the proceeds from reinvestment of the YRCW shares) 24 months following the date on which you receive your distribution of YRCW shares or upon your retirement, if earlier. Please remember that if you withdraw the YRCW shares, or proceeds from the sale of the YRCW shares, prior to age 59 ½, you may be subject to early-withdrawal tax penalties.
- Prudential Retirement is the administrative agent for the Teamsters-National 401(k) Savings Plan. You will be receiving information from Prudential when your plan account is created.
- You can get updates and materials related to YRCW's restructuring at [www.teamster.org](http://www.teamster.org). Please look for additional information about your individual accounts from Prudential Retirement in late August or early September.
- For questions about the 401(k) plan works, contact Prudential Retirement at 1 (877)-PRU-2100 or visit <https://www.retirement.prudential.com/cws/teamsters401kplan/>

## Q&A Stock Ownership Plan

### **Q: How does this most recent equity grant differ from the prior stock option plans?**

*A: The current grant is an actual grant of equity ownership in YRCW, equal to 25 percent of the company at the close of the transaction. Although the grant will be made in the form of preferred stock, this stock will convert to common shares approximately 45 to 60 days following the close of the restructuring. The value of your YRCW shares will be determined by the number of shares granted multi-*

*plied by the value of the common stock on that particular day (as traded on NASDAQ or another public exchange).*

*The prior Option Plans were options to purchase a certain amount of company shares at a fixed price (price on the date of the grant). Options provide value only when they are exercised (or sold) if the price at which they are sold is greater than the price of the stock at the time the option was granted. Options do not provide actual ownership or voting rights.*

### **Q: How can the equity provide value?**

*A: Upon receiving their allocation of YRCW shares, individual participants will be able to sell the shares at their discretion or hold them in their plan accounts.*

*If and when the shares are sold, the proceeds of the sale will need to remain in the Teamsters-National 401 (k) Savings Plan account for a period of no less than 24 months from the date of the original grant (i.e., July 22, 2011, the planned transaction closing*

*continued on page 4*

## Q&A Stock Ownership Plan *continued from page 3*

date) and may be reinvested in other investment options provided under the Plan. After 24 months have passed, individual participants may withdraw the YRCW common stock, or the proceeds from the sale of the YRCW common stock, from the 401(k) account, subject to applicable tax withholdings and, if withdrawn prior to age 59 ½, early withdrawal penalty.

The decision to sell, hold, or withdraw (after 24 months have passed) the YRCW shares is in the hands of the plan participants. Plan participants will have an

account set up by Prudential Retirement. Prudential will be able to provide technical guidance to plan participants who choose to sell their YRCW shares or reinvest proceeds from that sale.

### **Q: How many shares will I get?**

Like the Prior Option Plans, the number of shares allocated to each eligible participant will be calculated based on W-2 earnings from January 1, 2011 to June 30, 2011. Each individual's earnings will be divided by the total earnings of all

eligible participants to determine such individual's percentage of the stock allocation.

Under the Internal Revenue Code, employer contributions to a tax-qualified plan on behalf of a participant for a particular year must not exceed the lesser of (1) \$49,000 and (2) 100% of the participant's compensation in such year. Accordingly, if participant does not have compensation in 2011, he or she will be restricted from receiving an allocation of the stock contribution.

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