



ABF CONTRACT

UPDATE

DECEMBER 14, 2012

TEAMSTERS PREPARED FOR START OF ABF NEGOTIATIONS ON DECEMBER 18

The Teamsters National Freight Industry Negotiating Committee (TNFINC) is prepared to exchange contract proposals with ABF on December 18, and the union stands ready to bargain a solid contract for the 7,500 drivers, dockworkers, mechanics and clerical staff. On November 29, leaders from local ABF unions unanimously approved the Teamster's contract proposals.

"We are well-prepared for the negotiations thanks to an onsite financial review that we completed and surveys of our members and local union leaders," said Gordon Sweeton, Co-Chairman of the National ABF Negotiating Committee for TNFINC. "We appreciate our members' ongoing support, which will be very important as we enter these difficult negotiations."

The company is expected to bargain aggressively and will seek to save money on labor costs, but the union is prepared to counter the company's arguments and will stress the bigger picture. For example, analysts and ABF management have

focused almost entirely on Teamster labor costs, but not management labor costs. It is important to note that ABF generates the highest revenue per shipment in the industry precisely because it has some of the industry's best drivers and dockworkers who go above and beyond traditional less-than-truckload (LTL) service each and every day.

"Our members are working long hours handling conventional and unconventional LTL freight to make this company as successful as possible," Sweeton said.

There's a compelling argument that once the general economy rebounds from its poor to erratic performance over the past five years and we see sustained growth in the historic 4-percent-or-higher range, the company will return to the profit margins that characterized ABF's earnings for the period leading up to the recession. During that stretch, the company's total labor costs, union and non-union, as a percent of all expenses were comparable to current levels.

"At some point, employees at ABF's non-union competitors, such as Old Dominion, will realize that their inferior benefits and working conditions are the direct result of their employer's corporate greed," said Barry Sircy, a road driver at ABF in Dallas who attended a meeting recently sponsored by the Teamsters National Freight Division.

Cash compensation (salary, incentive plan, etc.) for executive leadership at

ABF's parent, Arkansas Best Corp. (ABC), has not suffered as a result of the 2011 performance of its largest subsidiary. For example, in the second year of her leadership, ABC CEO Judy McReynolds' cash compensation (non-equity) grew by over 50 percent from 2010 levels, according to U.S. Securities and Exchange Commission (SEC) documents.

TNFINC has done everything contractually possible since 2008 to assist ABF through this rough patch, including advancing the implementation of its coast-to-coast regional service to directly compete with growing non-union carriers. Union leadership even recommended at the height of the recession in 2010 a significant wage reduction/profit sharing plan to ease the company's financial burden. Unfortunately, ABF management overplayed its hand in that process and its employees rejected the profit-sharing plan despite TNFINC's endorsement of the job security program.

The union wants nothing more than for ABF to gain market share as a full-service, national freight logistics company as this economy recovers and capacity tightens.

"We are looking for meaningful bargaining proposals and discussions that address the realities of this industry while protecting good, full-time jobs," Sweeton said. "We do not believe, however, that it's a zero-sum game where cost control is the only issue at hand."

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