

Summary of TNFINC YRCW Term Sheet



The “Term Sheet” defines key conditions to the continued effectiveness of the Teamster Concessions set forth in the “Restructuring Plan”. TNFINC negotiated the Term Sheet to:

- provide a framework for a series of YRCW corporate restructuring transactions that must be achieved for the Union to allow the Concessions to continue; and
- provide protections with respect to the Union’s role in structuring and participating in such transactions.

As a general matter the Union has taken the position that the Company must reduce its debt burden and raise new cash equity to recapitalize the business and provide a stable and sustainable financial position.

Key elements of the Term Sheet include:

Framework/Timing

Requires the Company to reduce the amount of debt it is carrying and to raise new equity, in each case on terms satisfactory to the Union.

If the Company fails to meet these goals the Concessions snap back at the election of the Union and the Company has to repay Concession amount.

The Company has two timing windows:

- by December 31, 2010 obtain a definitive agreement with an equity player and failing that equity commitment, require that the Lenders convert a portion of their debt to equity in order to keep Teamster Concessions in place; and,
- by March 31, 2011 to close on the new equity financing or the Union can terminate the Concessions.

During each of these two periods the Company must keep the Union fully apprised of all matters so that it gets a chance to weigh in along each step of the way.

Conditions to Continuation of Concessions

Revolving Credit and Term Loan Facilities: Requires conversion of a significant amount of YRCW’s outstanding debt into common stock. Remaining debt is provided under market terms, extends maturity dates to match Teamster contract time period and converts bank deferred interest and fees into common stock. This is a key provision as YRCW needs significant debt reduction to be a viable company.

Equity Ownership of the Company: This provision indicates that the Union’s members will receive equity ownership in the Company to be used to provide an economic benefit to YRCW members. The amount of equity to be obtained by the Union will be negotiated with the new equity investors and Lenders. The Concessions are available to the new equity investor, but are only available if a satisfactory deal is struck between the Union and the new equity investor and the Lenders.

Capital Event: Requires the Company to raise \$300 million (or amount determined sustainable by the TNFINC) in new equity by December 31, 2010 and close the deal by March 31, 2011.

Other Conditions to Concessions

ABS Credit Facility: Requires renewal of YRCW’s ABS credit facility (expiring October 26, 2010). The TNFINC gets to review the terms negotiated by the Company with those lenders and will receive copies of the documents.

Sale/leaseback and Senior Convertible Notes: Requires the Company to review avenues to improve terms on the sale/leaseback transactions and senior convertible notes and to satisfy the TNFINC as to the validity of the approach taken.

Non-Union Pension Funding Obligations: Requires the Company to look at ways to reduce funding of non-union pension obligations and to satisfy the TNFINC of the validity of the approach taken.



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Capital Raising Effort: Establishes the process and involvement of the TNFINC in the debt reduction and equity raising efforts. TNFINC is to be provided real time information and the ability to participate in appropriate negotiations with various parties. Under these provisions the TNFINC will be able to protect the Union's interests as the process unfolds as compared to only being able to review a deal after all other parties have settled matters among themselves. This is a key section for the Union to be part of the process.

Process Requirements

Subcommittee: Re-establishes subcommittee from previous MOU to monitor agreement. The section also provides mechanisms to achieve compliance among the pension funds and establishes the payment of reasonable fees and expenses for financial and legal advisors.

Remedies: Provides mechanism to specifically enforce terms of agreement (mainly information sharing and "seat at the table" provisions) so that the TNFINC and the Union has a way to get expeditious relief if terms are not complied with.

Post Closing Transactions Requirements

Restricted Payments: Restricts dividends and other payments made during concession period.

Recapture Provisions: This provision also indicates that the Union will require a "profit sharing" provision that captures additional compensation if operating profit targets are achieved

Board Composition and Representation: Sets minimum Union representation on board at two after a capital raising event and additional seats under certain circumstances.

Stockholder Rights/Registration Rights: Provides the right to be able to sell Union's negotiated equity position when we want in the public market and that we have the "tag along" right to sell when others investor sell their stock.

Indemnity: Company would indemnify the Union if it sued as a result of the Term Sheet and related transactions.