

# TEAMSTERS

## National Freight Industry Negotiating Committee



Dear Teamster YRCW Members,

On Monday February 28<sup>th</sup>, an agreement in principle (AIP) was reached that paves the way to save the jobs of 25,000 YRCW Teamsters and keep the company in business. YRCW's lending group formally approved the AIP on terms for restructuring YRC Worldwide, Inc. (YRCW) with the company and the Teamsters National Freight Industry Negotiating Committee (TNFINC). The terms of this agreement build upon those key conditions—debt reduction and new capital—set forth by the TNFINC in the Restructuring Plan/MOU ratified in October and are designed to assure operational and job security for the company, its customers, and its employees going forward.

As we informed you on January 2<sup>nd</sup>, we were not happy about having to extend the timeline beyond December 31, 2010 but felt it necessary given the lack of progress that had been made. We also informed you that we would redouble our efforts to make sure significant progress on YRCW's restructuring efforts would be made by the new deadline of February 28, 2011.

To that end, at the TNFINC's insistence, a team of experts with recent and relevant experience restructuring the auto industry was retained to break through the logjam between the company and its lending group. This team was led by turnaround expert Harry Wilson, the lead architect of General Motors' restructuring, and they drove a great deal of progress in the last several weeks.

The AIP contains two key points from the MOU announcement: 1) debt reduction and 2) a new capital infusion from investors, while additionally providing the Teamsters with two seats on the company's Board of Directors. The agreement will also provide meaningful equity ownership in the company for Teamster YRCW members.

The terms and conditions of this agreement are also conditioned on the successful review of the company's liquidity (available cash at any point in time), financial projections and operational plan by Harry Wilson's team and subject to TNFINC approval. A critical reason for bringing in Harry's team is to fully scrutinize the company's operating assumptions and plans—this was one of his key roles in restructuring GM. That review will begin the first week in March.

When Teamster YRCW members ratified the Restructuring Plan/MOU in October, we made it clear that for those contract modifications to stay in place we had to have a role in the restructuring and we had to verify that the terms would be sufficient for YRCW to operate without constant financial stress for the foreseeable future. Without any new parties willing to invest in the company, our options to restructure YRCW along the lines we envisioned in September 2010 were limited. While we did not hit a home run on every count, we believe we achieved the best terms possible given the scope and scale of the challenges of the overall economy, in the freight industry and at YRCW. As we have stated before, our number one goal has been and remains achieving a restructuring at YRCW that creates a viable entity that continues to provide good jobs and benefits to Teamster members, and we believe this restructuring agreement puts us in the best position to achieve that goal.

Pending our continued review and approval of the effect of this AIP on the company's liquidity and operations, the definitive documents need to be in place by April 29, 2011 and the closing of the transaction is expected to occur no later than July 22, 2011.

We ask that you stay in touch with your local union about any updates and you can view all relevant documents and materials at [www.teamster.org](http://www.teamster.org).

Fraternally,

James P. Hoffa  
Chair, TNFINC

Tyson Johnson  
Co-Chair, TNFINC