



Frequently Asked Questions

- Q. What steps did the union take to investigate and validate the YRCW's claim of needing immediate relief?
- A. Our financial professionals, both in-house experts and a team of independent consultants we assembled, have met with YRCW officials and their financial advisors in New York City and have been presented with a credible business plan that asks for sacrifices at all levels of the company. The union committee reluctantly agreed to a wage reduction that it believes will keep the company operating even in these uncertain times, thereby, subject to ratification, protecting the long term job security of all freight Teamsters.
- Q. How could we be in this situation so soon after ratifying the National Master Freight Agreement (NMFA)?
- A. Clearly the extent to which a financial and economic crisis of this magnitude would impact all businesses was not foreseen. The union has concerns with the pace and execution of change within the ranks of current management and is addressing those issues with the company as talks continue. It is more critical now than ever to better involve Teamsters in decisions that impact our members, especially as we are potential shareholders of the company.
- Q. What has brought us to this severe financial crisis?
- A. Because the market value of YRCW as an enterprise has dropped so precipitously over the past 18 months, its credit ratings have fallen to junk status and its remaining assets (property and rolling stock) have become all pledged. Without any assets on which to borrow additional funds, the company is in a liquidity crisis and has come to the union for immediate and necessary relief in order to survive.
- Q. Why is the redemption of certain notes in the announced tender offer (long term debt for cash) predicated on the Union agreeing to a wage reduction by December 23, 2008?
- A. The company has quarterly loan requirements in the form of 'ratios' that must stay in balance or they threaten the company as a going concern. If in early January, 2009, YRCW fails to keep those bank ratios (such as earnings to debt) in conformity with loan agreements, the potential for its lenders to take action against the company and "call its notes" (force bankruptcy) exists. In this "credit crunch" or better stated "credit crisis" recession, the risk for default is there.
- Q. The union has negotiated ESOP's or profit-sharing plans in the past, the latter of which has the potential for more immediate payback if the company reaches profitability sooner. Why was a different program put in place with YRCW?
- A. Those plans in reality returned very little cash to the membership over the years and very few plans even exist today. A stock purchase program has the potential to give real ownership and something of value to the members when the company turns around. We project the company will need any profits it may generate over the next few years just to address its rising operating costs and capital expense needs, let alone continue to meet its banking requirements. Consistent with the best features of past wage-reduction plans however, the union will not agree to "re-open" the contract for work rule or benefit changes as part of the wage reduction.



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- Q. If the company has a short-term liquidity problem, why doesn't the agreement last two years or so with a re-opener for the last two years of the agreement?
- A. **No one can predict how long this downturn will last and the banks will only continue to loan money to YRCW knowing that they have fundamentally restructured their operating costs on a 4 to 5-year time table. Our experts have concluded it will take that long for the company to retire enough debt (notes due in 2010 and beyond) to insure its survival through 2013 and NMFA contracts in the future.**
- Q. How are the concessions going to be used each year to restore YRCW's financial position and has the union secured auditing rights to insure YRCW does not misuse the concessions?
- A. **The concessions will be used to insure the company has adequate liquidity (cash) to make its scheduled debt payments, purchase new and used rolling stock and continue to pay wages and benefits to its employees. The union has secured auditing rights and will have a continual dialogue with YRCW officials to ensure adherence to the plan.**
- Q. If the major financial problem is only at Yellow Roadway, why are concessions needed at USF Holland and New Penn? Why isn't USF Reddaway and YRC Logistics involved in this plan?
- A. **They are all being asked to contribute to the recovery but are governed by different agreements. Addressing YRCW's debt problem is the number one issue being faced by the company and because corporate debt is "cross-collateralized" involving all its business entities, all YRCW companies rise and fall with the survival of the parent. All 60,000 employees of YRCW are making comparable sacrifices and the union has addressed that issue directly in the plan. Because only Yellow Roadway and USF Holland bargained the NMFA simultaneously last year, their vote on the plan is being voted collectively with New Penn's being separately tallied. The other subsidiaries' contributions are being addressed independently.**
- Q. It seems as if the same management team that got them in this mess is still in place. Are they going to be removed or take the same cuts as Teamsters?
- A. **The union has expressed with management its deep concern with current operating results and each company's apparent inability to adapt to the changing economic environment. The union continues the process of implementing changes that will allow the companies to modernize their freight delivery methods in the current NMFA with a commitment from YRCW that such changes would insure their long-term growth. Unfortunately, the company has been unable to move quickly or proficiently enough in these difficult times to take advantage of the contractual changes we saw as necessary for competitive purposes.**