

KEY TERMS OF PLAN TO SAVE TEAMSTER CARHAUL JOBS AT JACK COOPER

Following round-the-clock negotiations with Jack Cooper and one of its lenders during the week of July 29, the Teamsters National Auto Transporters Industry Negotiating Committee (TNATINC) has received a **Last, Best and Final Offer (LBFO)** in the form of a Restructuring Term Sheet to save more than 2,200 Teamster jobs and a total of nearly 3,000 jobs at the company.

The Restructuring Term Sheet contains contractual modifications that the company and its investor states are necessary for the company's survival in a brutal marketplace. In addition, the LBFO Term Sheet and related stakeholder term sheets require sacrifices of all key stakeholders including completely wiping out the existing equity holders and the forgiveness of \$300 million in debt. All the key stakeholders need to reach agreements on the terms of a restructuring which will then need to be implemented through a Chapter 11 reorganization bankruptcy filing. It is our understanding that Jack Cooper will be filing imminently. If all parties agree and the court approves the sale/reorganization plan, Jack Cooper will emerge as a new company, with a new owner, and a lot less debt.

The LBFO Term Sheet, if approved by leaders of carhaul local unions and their members, would run until December 31, 2024. More information will be available soon, but here are the limited contractual modifications:

- There are NO wage concessions;
- There are NO health care benefit concessions;
- For members participating in the Central States Pension Fund, by way of agreement with the Central States Pension Fund, a member's accrued pension benefit (adjustable benefit) will not be cut or reduced by this Term Sheet or transaction. This means what you've already earned prior to this transaction will not be affected by this sale. On a going-forward basis (effective from the date of company's sale) a member's future pension benefit would then be based on a reduced contribution of \$150.00 per week paid to the Central States Hybrid plan.
- For members currently participating in either the Local 557, 560 or 710 Pension Funds, in lieu of pension contributions, the company will make contributions to the Teamsters National 401(k) Plan on behalf of each employee covered under the Area Supplements in the amount of \$150 per week;
- New provisions to increase Jack Cooper's ability to service its customers;
- Restricts the company from using labor cost savings to underbid existing unionized work;
- The expiration of these modifications is December 31, 2024.

In addition to these limited contractual modifications, the Term Sheet requires other conditions to be met. Key provisions include:

- The new employer will be part of the National Master Automobile Transporters Agreement and the terms of that agreement except as modified by the items above;
- The new employer agrees to be a successor and assume the terms of the contract as modified, including seniority, accrued paid time off and pending grievances;
- Requires senior company officials to reinvest any bonuses paid in 2019 into equity of the new company;
- Restricts going forward "variable" compensation of senior executives for a period of two years

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and ties any compensation to key performance metrics as defined by the current business plan and/or re-fleeting plan;

- Requires the Junior Lender to invest a minimum of \$35 million of new equity into the new company;
- Provides for a minimum annual investment into a new fleet (100 vehicles per year through 2023) and is at least \$20 million per year;
- Provides that the new company will have a majority of new, independent directors in its new Board of Directors and that the CEO will be separate from the Chairman of the Board.

The members of TNATINC unanimously believe these are the best terms available to us given the circumstances. Committee members support pre-

senting this LBFO to the two-person committee with the hope and understanding that our members at Jack Cooper will be able to vote in the future. We believe the LBFO Term Sheet is the best option to save the livelihoods of about 2,200 Teamsters at Jack Cooper and its affiliated companies.

The IBT believes that the members have the right to vote on their future and the new company. We recommend that the Two-Person Committee vote to send the Last, Best and Final offer to members for ratification.

This is a Last, Best and Final offer—there will be no further offers. From the information presented to the committee, the rejection of the LBFO will lead to the company being sold piecemeal or liquidated resulting in the loss of virtually all jobs.



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