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2011 – SPECIAL BULLETIN – 2011-4

DATE: MARCH 22, 2011
TO: ALL LOCAL UNIONS WITH YRCW PARTICIPANTS
RE: YRCW BENEFIT SCHEDULES

The purpose of this Special Bulletin is to describe certain pension benefit schedules and modifications applicable to Participants employed by the YRC Worldwide, Inc. companies ("YRCW" and/or "companies").

BACKGROUND.

As you know, YRCW began experiencing severe financial distress in early 2009 and, as a result, discontinued remitting pension contributions as was then required by the National Master Freight Agreement and Supplemental Agreements. In order to facilitate the companies' continued survival, the Pension Fund entered into a Contribution Deferral Agreement which allowed the companies to postpone the payment of nearly \$100 million in pension contributions for several years. That Contribution Deferral Agreement has been amended numerous times in order to allow YRCW to continue to restructure its finances. We expect that the agreement will be amended again on or before May 31, 2011 in order to allow a further postponement of the repayment of deferred pension contributions to at least 2015. If the Pension Fund had refused to enter into the Contribution Deferral Agreement and the subsequent amendments, YRCW would have been forced into bankruptcy.

YRCW's participation in the Pension Fund was terminated on July 9, 2009 because of the companies' complete inability to pay any of the pension contributions as required by the National Master Freight Agreement and Supplemental Agreements. At the time it ceased participation in the Pension Fund, YRCW agreed with TNFINC that it would resume its participation on January 1, 2011 at contribution rates, benefit levels and conditions as determined by the Pension Fund. Because of this agreement to resume participation, the Pension Fund Board of Trustees decided not to assess withdrawal liability for YRCW's complete cessation of contributions which would have resulted in the financial collapse of the company. Additionally, in light of YRCW's promise to resume participation on January 1, 2011, the Board of Trustees did not treat YRCW's complete cessation of contributions on July 9, 2009 as a Rehabilitation Plan Withdrawal (an event requiring

Special Bulletin 2011-4
March 22, 2011
Page 2

immediate and retroactive benefit cuts) as normally required under the Pension Fund's rules.

On September 24, 2010, YRCW and TNFNC entered into an Agreement for Restructuring ("Restructuring Plan") which modified and extended the National Master Freight Agreement and Supplemental Agreements for a two year period until March 31, 2015. The Restructuring Plan provided that YRCW would resume making contributions to the Pension Fund on June 1, 2011, but at a contribution rate that is only a fraction of the rate YRCW was obligated to pay prior to the July 9, 2009 cessation of participation. This will reduce YRCW's pension contribution rate from \$280 per week as of July 2009 to \$76 per week beginning in June 2011. Additionally, there will be no annual increases in the pension contribution rate for the duration of the agreement as is currently required under all of the Pension Fund's Rehabilitation Plan Schedules. Moreover, this contribution rate is lower than the contribution rate being paid by many of the companies currently under the Default Schedule. However, independent financial and restructuring consultants for both TNFNC and Central States agree that the reduced pension contribution rate is warranted by the companies' distressed financial condition.

All told, the company will continue to postpone the payment of nearly \$100 million in deferred pension contributions, will have discontinued remitting any pension contributions for nearly two years and will resume contributions at a drastically reduced rate. As a result of this, the Pension Fund expects to receive nearly \$1.3 billion less in pension contributions over the life of the collective bargaining agreement which expires in March, 2015.

In light of this drastic reduction in the pension contributions, the Restructuring Plan recognized that benefit reductions for the YRCW Participants would be required:

It is understood that pension benefit accrual rates and other terms and conditions under which the Employer resumes participation shall be decided by each fund; provided that each Fund shall adopt benefit schedules for the Employers that fully fund the normal cost of new accruals... and provide for a portion of contributions to be contributed to any underfunding of the Fund. *It is understood that benefit accruals will necessarily be lower than those provided to participants before July 1, 2009.* (Emphasis added.)

(Restructuring Plan, ¶4.) And, as indicated in the Pension Fund's Special Bulletin 2010-8 (issued on October 1, 2010 to Local Unions with YRCW Participants), the Pension Fund had determined that benefit modifications would be necessitated by the Restructuring Plan and that the modifications would be applied "*retroactively to all retirement applications received after a date not later than (and perhaps much earlier than) the September 24, 2010 effective date of the Restructuring [Plan].*" (Emphasis added.)

For this reason, since late September 2010, the Pension Fund has cautioned YRCW Participants who have submitted retirement applications that their approved pension amounts may be subject to adjustment in the future.

YRCW BENEFIT SCHEDULES.

In light of these circumstances and the responsibilities of the Pension Fund's Board of Trustees under federal pension law to protect the interests of all the Pension Fund's participants, the Board has approved, *with an effective date of September 24, 2010*, the following benefit schedules and modifications which will be made applicable to the YRCW Participants by means of a separate schedule to the Fund's Rehabilitation Plan:

1. **No impact on benefit accrual rate.** The "1% of contributions" benefit accrual formula will remain unaffected.
2. **No impact on those who retired before September 24, 2010.** YRCW Participants with Retirement Dates *prior to September 24, 2010* are not affected by the benefit modifications described in this Special Bulletin, except as qualified in number 11 below.
3. **Non-Retired YRCW Participants: With exceptions described below, all adjustable benefits including "and-out" benefits (e.g. "25 and Out" and "30 and Out") are eliminated and any pre-age 65 retirement benefits are reduced.** Except as noted below, all non-retired YRCW Participants will receive the equivalent of "Default Schedule" benefits under the Fund's Rehabilitation Plan. This means, subject to the exceptions stated below, that all non-retired YRCW Participants will incur the loss of any adjustable benefits including "and-out" benefits, and will receive an actuarial reduction (as described in Para. 5 below) of any pre-age 65 benefit. However as noted above, all YRCW participants will retain the "1% of contributions" benefit accrual upon the company's planned resumption of contributions on June 1, 2011.
4. **As stated in Special Bulletin 2010-8, the effective date of modifications is September 24, 2010.** Also subject to the exception noted below, all YRCW Participants with Retirement Dates *on or after September 24, 2010* will incur a loss of all adjustable benefits including "and-out" benefits, and will instead be entitled to their "2% / 1%" accrued benefit subject to an actuarial reduction from the normal retirement age (age 65) benefit for each year the Participant is below age 65 at the time of his retirement (as described in Para. 5 below). A currently retired Participant with a retirement date on or after September 24, 2010 will be permitted to voluntarily discontinue the receipt of benefits and retire at a later date of his choosing. In that event his new retirement date will be used to determine the actuarial reduction, if any.
5. **Method of reduction of age 65 benefit.** With respect to the affected Participants described above, for each year the Participant is below age 65 at the time of his retirement, his age 65 benefit will be reduced as follows: (a) 6% per year reduction for retirement benefits commencing on or before July 1, 2011, and (b) for retirement benefits commencing after July 1, 2011 this reduction-for-age in the age 65 benefit will be in accordance with the actuarial adjustment table attached to the Rehabilitation Plan.

Special Bulletin 2011-4

March 22, 2011

Page 4

6. **Exception: Certain "and-out" benefits will continue to be protected if conditions are met.** YRCW Participants who (a) were at least age 55 years as of July 9, 2009 (when YRCW's participation in the Pension Fund was terminated) and (b) had at least 25 years or more of credit towards an "and-out" benefit as of July 9, 2009 will be allowed to *retain any* such "and-out" credit, *provided that* the Participants retire at age 62 or later. If a Participant otherwise qualifies under this paragraph but retires *prior* to age 62, that Participant will incur a loss of his "and-out" benefit and will receive the same benefit described in Paras. 3 and 4 above. Accordingly, any YRCW Participants who already retired after September 24, 2010 (or who retires in the future) at age 62 or older at retirement and with 25 or more years of contributory credit toward an "and-out" benefit will not be affected by this reduction of adjustable benefits.

Any YRCW Participants meeting the age 55 and 25 years of contributory credit qualifications of this exception who have already retired after September 24, 2010 but prior to age 62 will be allowed to voluntarily discontinue the receipt of benefits and retire at a later date of his choosing. If any such Participant re-retires at age 62 or later, he will receive the benefit he was receiving at the time of his original retirement date plus any additional actuarially adjusted 2% / 1% accrued benefit he may earn from additional contributions reported to the Pension Fund. If that Participant elects to keep his original retirement date or re-retires before his 62nd birthday, he will only be eligible for the 2% / 1% accrued benefit described in Paras. 3 and 4 above.

7. **No further accrual of "and-out" benefits.** YRCW Participants will not earn any *further (post-July 9, 2009)* credit towards "and-out" benefits as long as they are subject to the contribution rates provided in the September 24, 2010 Restructuring Plan.
8. **Restoration of Benefits.** If and when YRCW pays its outstanding pension contribution delinquencies and resumes contributing to the Pension Fund at the unreduced pension contribution rates as set forth in the National Master Freight Agreement and Supplemental Agreements, the adjustable benefits of the YRCW Participants who are then active with the company may have their benefits improved and restored under terms and conditions to be established by the Trustees.
9. **Impact on currently pending pension applications.** All YRCW Participants with pending retirement applications are advised to delay and reconsider their retirements in light of these benefit adjustment rules.
10. **General rule requiring that as of July 1, 2011 all new retirees must be at least age 57 is also applicable to the YRCW Participants.** Please recall that as we have previously notified you, after July 1, 2011, the Fund will not permit *any* Participants to retire who have not achieved a minimum of age 57. Of course, this general rules is also applicable to the YRCW Participants.

Special Bulletin 2011-4

March 22, 2011

Page 5

11. **Further benefit adjustments are possible.** The benefit rules applicable to the YRCW participants will be subject to further adjustment if YRCW fails to resume its contribution obligation as scheduled on June 1, 2011 or breaches its obligations to the Pension Fund under the agreement that requires YRCW to repay its pension contribution delinquencies that arose in 2009; in any event, the Trustees are fully empowered to change the benefit structure set forth above in the future and may do so in light of any change in circumstances.

If you have any questions regarding this Special Bulletin, please contact your Field Services Representative or the Fund's Toll Free Department at 1-800-323-5000.

Sincerely,

BOARD OF TRUSTEES, CENTRAL STATES, SOUTHEAST
AND SOUTHWEST AREAS PENSION FUND, BY:

A handwritten signature in black ink, appearing to read 'T. C. Nyhan', written over a horizontal line.

THOMAS C. NYHAN
EXECUTIVE DIRECTOR