

TEAMSTERS

National Freight Industry Negotiating Committee



MEMORANDUM

TO: ALL Teamster Local Unions Representing members at YRC Companies
(including YRC Freight, Holland, New Penn and Reddaway)

FROM: Tyson Johnson, National Freight Director and Co-Chairman, TNFINC

DATE : February 7, 2014

RE: Recently Ratified Extension Agreement

As you are aware, affected members in secret ballot voting concluding on Sunday January 26, 2014, voted to ratify the "Extension of the Agreement for the Restructuring of the YRC Worldwide Inc. Operating Companies" (hereinafter "Agreement"). On Friday, January 31, the Company successfully closed on a \$300 million capital raise that was used to reduce Company debt by over 20% - a major component its debt restructuring. This capital raise positions the Company to extend and refinance its remaining debt on more attractive terms and complete the restructuring later this month. As a result of the finalization of the \$300 million capital raise the Agreement shall take effect 12:01am **Sunday, February 9, 2014.**

Additionally, we have heard of various questions concerning the interpretation and application of the Agreement. The Q and A below is intended to address some of those issues. We will provide additional guidance as needed concerning questions concerning the interpretation and application of the Agreement.

Questions Concerning the 2014 Ratification Bonus and 2015 Lump Sum Bonus

- Q. When will the 2014 ratification bonus be paid?
- A. Under the Agreement, the ratification bonus must be paid to all eligible employees within thirty (30) days of the Effective Date. As indicated above, the effective date is February 9, 2014. We have, however, been in contact with the Company and have been advised that the Company will try to make payments no later than February 21, 2014.
- Q. Who is eligible for the ratification bonus in 2014.
- A. All regular employees on the seniority list at the time of ratification, provided the employee was active within ninety (90) days of December 31, 2013 and is still employed by the employer at the time of payment. Basically, a regular employee has to be "active" at some point within 90 days of December 31, 2013 and still on the payroll as of the payment date. An employee who missed only part of the 90 day period due to a, layoff, leave of absence or workers compensation injury is not disqualified. Likewise, an intermittent layoff within the 90 day period will not disqualify a person. If however, a

- person is out on workers compensation for the entire 90 day period, he is not considered active.
- Q. When will the 2015 second bonus be paid?
- A. The 2015 bonus will be paid on April 1, 2015.
- Q. When does someone need to be actively working to receive the 2015 Lump Sum Payment?
- A. From April 1, 2014 through March 31, 2015.
- Q. Are employees on layoff eligible to receive the 2015 Lump Sum Payment?
- A. Regular full-time employees who have been subject to seasonal layoff between April 1, 2014 and March 31, 2015 will not be disqualified from receiving the 2015 \$750 Lump Sum Payment.
- Q. Will there be taxes and withholdings taken from the 2014 Ratification Bonus and 2015 Lump Sum Payment?
- A. Yes. Deductions for taxes will be taken from the \$750 Ratification Bonus (2014) and the \$750 Lump Sum Payment (2015) at the IRS-required Supplemental Rate. This deduction generally is greater than the deduction employees normally see in their paycheck. Depending on overall household income levels, exemptions and other deductions, employees may be eligible to receive a refund of some or all of the higher deductions in connection with their year-end tax filings.
- Q. Will wage orders or garnishments be taken out of the 2014 Ratification Bonus and the 2015 Lump Sum Payment?
- A. Percentage withholding orders are legally required to be taken from payment of the Ratification Bonus and the Lump Sum Payment.
- Q. Will 401(k) deductions be taken from the 2014 Ratification Bonus and the 2015 Lump Sum Payment?
- A. Deductions for 401(k) will not be taken from payments of the 2014 Ratification Bonus. However, the parties are exploring whether it is possible for any or all of the 2015 bonus to be voluntarily deferred by an employee into the 401(k) Plan.
- Q. Are the 2014 Ratification Bonus and 2015 Lump Sum Bonus subject to the 15% reduction?
- A. No. The Ratification Bonus and Lump Sum Bonus are **not** subject to the 15% reduction.

Profit Sharing Bonuses

- Q. Are profit sharing bonuses subject to the 15% reduction?

- A. No. Profit sharing bonuses are **not** subject to the 15% reduction. Calculation of the bonus is based on each individual employee's W-2 earnings, which already would reflect the 15% reduction.

National Uniform Attendance Policy

- Q. Where does the National Uniform Attendance Policy apply?
- A. The Policy will apply in all areas and under all Supplements and agreements, and shall supersede whatever absenteeism policy currently is in place. The Policy shall not, however, apply at Reddaway which shall keep its existing absenteeism policy.
- Q. Will prior absenteeism count toward the new Policy?
- A. All employees will receive a "fresh start" under the Policy, including those in the Western Region. Reddaway employees will continue in their existing progression under their existing policy.
- Q. How will the new attendance policy be interpreted?
- A. The Policy will be applied and interpreted consistent with historical application and interpretation in the Western Region.
- Q. Are tardiness and absenteeism treated differently under the Policy?
- A. Tardiness and absenteeism are separate offenses for purposes of the disciplinary progression. A late arrival is generally considered tardiness.
- Q. How will disciplinary suspensions and discharges be handled under the Policy?
- A. All suspensions and discharges under the Policy will be "out of service" except that those supplements or areas having "innocent until proven guilty" shall maintain "innocent until proven guilty."
- Q. How will grievances under the Policy be handled?
- A. All grievances or other disputes arising under the Policy will be processed through and in accordance with the existing grievance procedures. Any deadlocks at a Regional Joint Area Committee shall be resolved by the MOU Subcommittee. Those Supplements that provide for arbitration of discipline or discharge cases shall continue to arbitrate absenteeism-related discipline or discharge cases under the Policy.
- Q. How long will attendance-related discipline under the Policy remain active?
- A. Discipline under the National Uniform Attendance Policy shall remain active for the same time period as other discipline under the applicable Supplement.
- Q. What happens if an employee (other than Reddaway) has already been suspended under his old absenteeism policy but has challenged that suspension through the grievance procedure.

- A. He goes back to a clean record going forward with no offenses. He can continue to challenge his prior suspension under the old procedure in order, for example, to recover back pay for an unjust suspension.
- Q. What happens if an employee has already been terminated and removed from service for absenteeism under his old policy but is challenging that termination through the grievance procedure?
- A. He does not get a clean slate under the new policy and remains terminated unless he prevails on his grievance that he was unjustly terminated under the old policy.

Paid Vacation

- Q. Will vacation already earned be paid at forty (40) hours.
- A. No. The change to how vacation is paid begins with vacation *earned in 2014*.
- Q. How will weekly vacation be paid?
- A. Vacation currently paid at more than 40 hours per week will now be paid at 40 hours for vacation earned in 2014, 2015 and 2016. However, it will be paid at 42.5 hours for vacation earned in 2017 and will return to 45 hours for vacation earned in 2018. Similarly vacation pay currently calculated at 1/52 will be paid at 1/58 in 2014, 2015 and 2016. In 2017 it shall be 1/55 and in 2018 it shall return to 1/52.
- Q. How will daily vacation be paid?
- A. Daily vacation will be calculated to be consistent with the above.
- Q. How will seniority apply for someone who is working and receiving vacation pay between March and October?
- A. An employee electing to work and receive pay for vacation shall work within his or her seniority.
- Q. Is the Purchased Transportation provision in the Agreement limited to YRC Freight only?
- A. Yes. The Purchased Transportation provision in the Agreement [Paragraph 7(e)] only applies to YRC Freight. It does not apply to Holland, New Penn or Reddaway.
- Q. Is the Service Area provision in the Agreement limited to YRC Freight only?
- A. Yes. The Service Area provision in the Agreement [Paragraph 7(f)] only applies to YRC Freight. It does not apply to Holland, New Penn or Reddaway.