

## Teamsters, YRC Reach Tentative Agreement

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The nation's largest trucking company, YRC Worldwide, reached a tentative agreement with the Teamsters union to address the beleaguered carrier's cash problems.

The tentative agreement followed reports July 8 that the company and union were not likely to reach a deal and an analyst said a bankruptcy was likely in the near term.

YRC's stock price fell 35 to a new low of 89 cents a share July 8. The stock rebounded 42 cents by 10:16 a.m. July 9.

Details of the agreement were not released July 9, but the union said it calls for "shared sacrifice" by the company and its 35,000 union employees.

"This is a tough situation for the company and our members," said Tyson Johnson, Teamsters Freight Division director and co-chairman of the negotiating subcommittee.

"We are confident this tentative agreement balances the need to provide job security while maintaining good quality jobs," he said.

"We appreciate the ongoing willingness of the Teamsters leadership to work with the company to identify ways to improve the financial position of YRC Worldwide during this severe economic recession," said Mike Smid, COO of YRC Worldwide and president of its national carrier subsidiary, YRC.

"Our employees are the most dedicated and professional in the industry, and their continued loyalty to serving our customers remains unrivaled," Smid said.

Without further labor concessions, YRC could violate its liquidity covenants as early as August, a Wall Street analyst said.

"With no major changes to the labor contract, further major concessions, the chances the company files for bankruptcy protection this year are high," David G. Ross of Stifel Nicolaus said in a July 9 note to investors.

YRC and the Teamsters began negotiations June 29 to modify its contract and save as much as \$500 million. YRC wants to defer contributions to its Teamster pension plans for up to 14 months.

The goal allegedly is to improve the company's short-term liquidity.

The \$8.9 billion carrier, which owns national less-than-truckload carrier YRC and several regional operations, reached an agreement with its largest Teamster pension fund in June to use real estate as collateral in lieu of second-quarter payments. That could save YRC \$83 million.

The nature of the "shared sacrifice" should become clear as details of the plan are released to members next week. YRC Teamsters must approve the tentative agreement.

The Teamsters early this year agreed to a 10 percent wage cut at YRC in return for 15 percent ownership of the company, the largest employer of Teamsters in the industrial trucking field.

Johnson challenged trucking competitors that he said have been slashing prices to force YRC into bankruptcy. "YRCW will have the resources to be here for the long haul," he said.

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