

# NATIONAL ECONOMIC SETTLEMENT

## **ABF NMFA TENTATIVE AGREEMENT Reached May 3, 2013**

Summary of General Monetary  
National and all Supplemental Agreements  
For the period covering April 1, 2013 through March 31, 2018

Note: The general hourly, mileage and other benefit modifications are as follows and shall be applied in accordance with the appropriate Area Supplement.

### **1. General Wage Adjustments**

- a. Effective payroll period following ratification:  
-7.0% on all hourly and mileage rates
- b. Effective July 1, 2014:  
+2.0% on all hourly and mileage rates
- c. Effective July 1, 2015:  
+2.0%% on all hourly and mileage rates
- d. Effective July 1, 2016:  
+2.0% on all hourly and mileage rates
- e. Effective July 1, 2017:  
+2.5% on all hourly and mileage rates

(see attachment for additional info)

### **Other:**

Combo Casuals receive 85% of GWI

Education and Training: CDL certification will pay \$300.00

### **2. Cost-of-Living Adjustments (COLA):**

Annual COLA payable on July 1, 2014, July 1, 2015, July 1, 2016, and July 1, 2017, if the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S., all items, (1982-84=100) increases by more than 3.5% in relevant annual time periods. Maintain current language and adjust dates. In no case shall the COLA increase be more than five (5) cents in any given year.

**3. New Hire Wage Progression:**

CDL Qualified Employees and Mechanics:

First day: 90% of top rate

1 year: 100% of top rate

Non-CDL Qualified Employees (excluding mechanics):

First day: 70% of top rate

1 year: 75% of top rate

2 year: 80% of top rate

3 year: 90% of top rate

4 year: 100% of top rate

**4. Vacation Reduction**

(a) The vacation eligibility schedule in effect from the previous labor agreement shall be reduced by one week.

(b) Employees will not lose vacation for vacation anniversary years that began accruing prior to April 1, 2013. Vacation accrual for vacation anniversary years beginning on or after April 1, 2013 will be reduced by one week.

**5. Health & Welfare and Pension Plans:**

Health & Welfare and Pension

The Employer shall continue to participate in the same Health and Welfare and Pension Funds. During the life of this Agreement, the Employer shall continue to make contributions at the rates being paid as of the date of ratification of the ABF NMFA to the appropriate Health and Welfare and Pension Funds in such amounts as are determined on an annual basis by the Funds to be necessary to maintain the benefits then in effect.

Increased Employer Contributions to Teamster Health & Welfare and Pension Plans: If necessary to maintain the Health and Welfare and Pension benefits, the Employer shall increase its contribution to all Teamster Health & Welfare and Pension Plans, up to \$1.00 per year as follows:

Effective Dates	Increases in Employer Contributions
August 1, 2013	up to \$1.00 per hour
August 1, 2014	up to an additional \$1.00 per hour
August 1, 2015	up to an additional \$1.00 per hour
August 1, 2016	up to an additional \$1.00 per hour

August 1, 2017
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up to an additional \$1.00 per hour
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Monthly, daily and/or hourly contributions shall be converted from the hourly contributions in accordance with past practice.

Consistent with past practice under the NMFA, the Supplemental Negotiating Committee will determine the allocation of the negotiated contribution amounts to the appropriate Health & Welfare and/or Pension Funds.

Effective August 1, 2013, the trigger in all Supplements for qualifying for a week's health and welfare contribution will be three days, except for supplements that have a longer requirement. Those Supplements on an hourly contribution will continue their respective practices. The trigger for the obligation to make health & welfare contributions in Supplements that provide for a monthly-based contribution shall remain the same.

The employer shall only be required to pay those portions of the "up to" \$1.00 per hour increases that are necessary to maintain the benefits as described above.

6. Duration: April 1, 2013 through March 31, 2018 (5 years)

**MOU to ABF NMFA**  
**ABF Freight System Wage and Vacation Reduction – Job Security Guidelines**  
**Effective First Payroll Period Following Ratification through March 31, 2018**  
(unless otherwise stated)

**Part One: Employee Reduction**

1. Wage Reduction. All bargaining unit and non-bargaining unit employees (including management) will share the burden of economic sacrifice contained in this MOU since job security is the number one asset all ABF employees hope to participate in equally. Towards that end, the bargaining unit employees will be paid in accordance with the wage adjustments set forth in the ABF NMFA, which adjustments are on the following basis:

All employees shall have their hourly wage and mileage rates be reduced by 7.0%.

Effective July 1, 2014: Increase all hourly wage and mileage rates by 2.0%

Effective July 1, 2015: Increase all hourly wage and mileage rates by 2.0%

Effective July 1, 2016: Increase all hourly wage and mileage rates by 2.0%

Effective July 1, 2017: Increase all hourly wage and mileage rates by 2.5%

Such wage reductions and/or reduced earnings shall include overtime, incentive pay, etc, in addition to vacation, sick pay, holiday pay, funeral leave, jury duty, and other paid for time not worked. Non-bargaining unit employees shall share the burden as set forth in (a) below.

(a) The Employer must reduce the total compensation (defined as wages plus health and welfare and pension or retirement benefits) of all non - ABF NMFA bargaining unit employees (including management) by the same percentage reduction (an "Equal Reduction") in total compensation as is being applied to bargaining unit employees. Consideration will be made for all parties' respective sacrifices instituted during the twenty four months prior to this Plan's effective date. The Employer and TNFINC shall cooperate in achieving the equal sacrifice among Canadian employees of ABF, and recognize such efforts must be in compliance with applicable Canadian federal and provincial law.

(b) This MOU shall not prevent the Employer from paying variable, performance based compensation as the Employer has paid in past practice. This shall also not prevent the Employer from providing targeted increases to individual employees if necessary, in the Employer's judgment, to operate the business so long as the overall total compensation increases are within the effective overall total compensation percentage increases to be received by the bargaining unit employees. If it becomes necessary to exceed this overall percentage increase limit to retain employees for the efficient continued operation of the business, the Employer would request approval from TNFINC.

#### **New Hires**

All employees hired after ratification shall be paid in accordance with the newly established contractual new hire percentages and the newly established contractual rates.

### **Part Two: Employee Protections**

#### **A. Access to Employer Financial Records.**

The Employer shall submit an annual financial statement to the Local Unions which shall include an income statement, balance sheet and statement of cash flow for the prior year. The Union reserves the right on an annual basis to examine records of the Employer in order to monitor Employer compliance or utilize an independent auditor of its choice to do the same. As a condition of being provided such statements, books and audit, the Union (and any accountant or auditor engaged on its behalf) must agree to maintain the confidentiality of any Employer financial statements and reports for the protection of the Employer, and to execute a reasonable confidentiality agreement if the Employer requests in such form as the Employer may reasonably require.

#### **B. Work Preservation.**

(a) For the duration of this Agreement, the Employer agrees not to establish or purchase any union or non-union trucking company without the prior approval of TNFINC.

(b) The Employer agrees that during every year of the ABF NMFA it will fund the purchase, replacement and maintenance of ABF rolling stock (tractors, trailers and other ABF power equipment) in an amount not less than the net wage reduction provided by the ABF NMFA.

(c) The Employer agrees that it will not transfer any bargaining unit work to another trucking company or trucking-related service company, regardless of whether that company is affiliated with either ABF or its parent company, unless expressly authorized by the ABF-NMFA.

(d) The Employer makes a good faith commitment, absent any new regulatory or unforeseen extraordinary events, that it will not close ABF for the duration of this agreement.

### **C. Bankruptcy Protection.**

The purpose of this wage reduction is to make a financial accommodation for the benefit of the Employer, within the meaning of section 365(e)(2) of the Bankruptcy Code. Accordingly, if the Employer files a Chapter 7 or 11 bankruptcy petition or is placed in an involuntary bankruptcy proceeding, the wage reduction may be terminated and wages reverted to full contract agreement on a prospective basis, if TNFINC so elects in writing. If TNFINC does not exercise its option hereunder, the Employer agrees not to file any motion under Sections 1113 or 1114 of the Bankruptcy Code without the union's approval.

### **D. Current Ownership.**

In the event a Change of Control of ABF occurs (without the prior written consent of the Union), this wage reduction may be terminated and wages reverted to full contract wage rates in effect immediately prior to ratification on a prospective basis if the Union so elects in writing and all other provisions of this Plan shall be null and void on a prospective basis.

For the purposes of this wage reduction, a "Change of Control," shall be deemed to have taken place when a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, assumes ownership of more than 50% of the total voting power of the stock of ABC or where the current directors of ABC (or directors that they nominate or their nominees nominate) no longer continue to hold more than 50% of the voting power of the board of directors).

### **E. Profit-Sharing Bonus**

1. If the Employer achieves a published, annual operating ratio of 96.0 or below for any full calendar year during this agreement (2014 through 2017), each employee will receive a bonus based on their individual W-2 earnings (excluding any profit sharing bonuses) for the year in which the qualifying operating ratio was achieved according to the following schedule:

ABF Published Annual Operating Ratio	Bonus Amount
95.1 to 96.0	1%
93.1 to 95.0	2%
93.0 and below	3%

2. The profit-sharing bonus will be distributed to the employees by separate check within 60 days of the end of the calendar year. An employee must be on the ABF seniority list for the entire calendar year in question to be eligible for such a bonus. Any employee who resigns,

retires or otherwise incurs a termination of employment, whether voluntary or involuntary, during the year in question shall not be eligible for a year-end bonus.

3. There shall be no inter-company charges initiated by the employer or changes in accounting assumptions or practices (GAAP), except as required to conform to governmental regulation, for the purpose of defeating the calculation of the annual operating ratio.

#### **F. Pension Legislation**

In the event that future federal legislation allows ABF to reduce its pension contribution rates which would not cause a reduction in benefits, the Company reserves the right to reopen the ABF NMFA as it relates to the pension contribution rates. If the parties do not agree on a mutually satisfactory resolution to negotiations over such issue within sixty (60) days of the start of such negotiations, either party shall be permitted all legal or economic recourse in support of its proposals on this matter notwithstanding any provisions of this Agreement to the contrary.

#### **G Dispute Resolution**

As part of the Collective Bargaining Agreement, disputes pertaining to this MOU are subject to the grievance procedure contained in the ABF National Master Freight Agreement. However, any grievance filed hereunder, by either party, shall be referred directly to the appropriate Regional Joint Area Committee for initial hearing and disposition.

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