

BUSINESS & FINANCE

YRC Worldwide Gains More Time To Repay \$10 Mln. in Transaction Fees

By Rip Watson
Senior Reporter

YRC Worldwide Inc. has received more time from lenders to repay a \$10 million fee related to its asset-backed securitization, or ABS, agreement.

The fee that was due on Sept. 30 now can be paid as late as Oct. 13, YRC said in a Securities and Exchange Commission filing on Sept. 28.

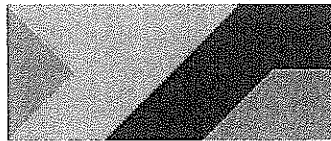
YRC's lenders also agreed to change the way costs relating to the integration of the Yellow Transportation and Roadway LTL units are calculated, to reduce the financial consequences of that action completed earlier this year.

The fee payment extension and cost calculation changes are the latest in a series of decisions that have helped YRC conserve its cash before a scheduled Oct. 13 expiration date for the lenders' waiver of a debt covenant that requires at least \$100 million in cash on hand.

YRC's cash was depleted by about 50% in the first half of the year as the company's losses mounted, traf-

fic volume fell and rates were pressured during the recession. At the end of the second quarter, the cash balance was \$164.5 million.

Including one-time charges, YRC's losses exceeded \$582 million in the first half of the year. The Overland Park, Kan.-company has lost money for four consecutive quarters.



YRC Worldwide

It ranks No. 4 on the TRANSPORT TOPICS 100 list of the largest U.S. and Canadian for-hire carriers.

In the Sept. 28 filing, the company said the fee is payable only if the company has not terminated the ABS agreement and the company's corporate credit rating is below "B" by Standard & Poor's Financial Services LLC and "B2" by Moody's Investor Service on the new date.

Banks that provided funds under the asset-backed securitization agreement need more time to com-

plete a review of when customer payments were received during the integration and when adjustments were made to the credit rating.

YRC first announced its plan to integrate the national transportation businesses in September 2008, envisioning a process that would take 16 months. As the economy soured and business dropped, YRC accelerated the integration process, which has now been completed.

As part of that effort, the company has trimmed more than 120 terminals and thousands of jobs. The shuttered terminals were put up for sale, and some of the operating facilities have been sold and leased back to raise cash.

Those savings have been complemented by agreements with nearly all of its Teamsters union workers to accept a 15% pay cut and an 18-month cessation of pension payments in return for options to own up to 35% of the company's stock.

YRC also has trimmed salaries and benefits for nonunion workers under the terms of a memorandum of understanding that was reached with the union late last year and later modified.