



The credit ratings of YRC Worldwide were placed on CreditWatch after agreements between the carrier and its lenders and the union.

S&P Puts YRC on CreditWatch

Standard & Poor's, a financial analysis service, said on Jan. 20 that the credit ratings of YRC Worldwide Inc. were placed on CreditWatch after agreements between the company and its lenders, as well as the Teamsters union, that allow more time for recapitalization of the carrier.

The union's approval, announced on Dec. 31, was required under the terms a 2010 deal that continued pay cuts for two additional years and continued pension concessions.

Lenders earlier last month approved a credit agreement revision that extended interest deferrals from March until May while a recapitalization plan is developed.

Standard & Poor's said it was assigning YRC a "CCC-" corporate credit rating, which is nine steps below investment grade. The rating service also said it was withdrawing ratings on YRC's senior unsecured debt that largely has been eliminated since completion in 2009 of a debt-for-equity agreement with most bondholders.

YRC, which did not respond to requests for comment, ranks No. 4 on the TRANSPORT TOPICS 100 list of the largest U.S. and Canadian for-hire carriers.

The company, which reported progress throughout 2010 in reduc-

ing its losses and posting positive earnings before interest, taxes, depreciation and amortization, is scheduled to report fourth-quarter earnings on Feb. 4.

"The ratings on Overland Park, Kan.-based YRC reflect its near-term liquidity challenges, meaningful off-balance-sheet contingent obligations related to multiemployer pension plans, as well as its participation in the competitive, capital-intensive and cyclical trucking industry," said Standard & Poor's credit analyst Anita Ogbara.

"We will monitor developments regarding YRCW's liquidity position, capital structure and operating prospects to resolve the CreditWatch," the New York-based rating service said in its announcement. "We could take further interim rating actions as more information becomes available in advance of a resolution of the CreditWatch review."

"YRCW's substantial (albeit deteriorating) market position in the less-than-truckload (LTL) sector, which has high barriers to entry, partially offsets these characteristics."

"We characterize YRCW's business profile as weak, financial profile as highly leveraged, and liquidity as weak," Standard & Poor's said in its statement.

— Rip Watson