
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-12255

YRC Worldwide Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

10990 Roe Avenue, Overland Park, Kansas
(Address of principal executive offices)

48-0948788
(I.R.S. Employer
Identification No.)

66211
(Zip Code)

(913) 696-6100
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2009
Common Stock, \$1 par value per share	59,537,477 shares

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PART I—FINANCIAL INFORMATION

Item 1. [Financial Statements](#)CONSOLIDATED BALANCE SHEETS
YRC Worldwide Inc. and Subsidiaries
(Amounts in thousands except per share data)

	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 164,509	\$ 325,349
Accounts receivable, net	670,078	837,055
Prepaid expenses and other	197,081	298,101
Total current assets	<u>1,031,668</u>	<u>1,460,505</u>
Property and Equipment:		
Cost	3,878,625	3,977,881
Less – accumulated depreciation	(1,815,400)	(1,776,904)
Net property and equipment	<u>2,063,225</u>	<u>2,200,977</u>
Intangibles, net	175,177	184,769
Other assets	148,250	119,862
Total assets	<u>\$ 3,418,320</u>	<u>\$ 3,966,113</u>
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	\$ 250,767	\$ 333,910
Wages, vacations and employees' benefits	314,983	356,410
Other current and accrued liabilities	392,328	489,994
Current maturities of long-term debt	769,769	562,321
Total current liabilities	<u>1,727,847</u>	<u>1,742,635</u>
Other Liabilities:		
Long-term debt, less current portion	832,952	787,415
Deferred income taxes, net	126,530	242,663
Pension and postretirement	380,767	370,031
Claims and other liabilities	423,192	341,918
Commitments and contingencies		
Shareholders' Equity (Deficit):		
Common stock, \$1 par value per share	62,600	62,413
Preferred stock, \$1 par value per share	—	—
Capital surplus	1,263,267	1,239,586
Accumulated deficit	(1,138,080)	(555,261)
Accumulated other comprehensive loss	(168,018)	(172,550)
Treasury stock, at cost (3,079 shares)	(92,737)	(92,737)
Total shareholders' equity (deficit)	<u>(72,968)</u>	<u>481,451</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 3,418,320</u>	<u>\$ 3,966,113</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
YRC Worldwide Inc. and Subsidiaries
For the Three and Six Months Ended June 30
(Amounts in thousands except per share data)
(Unaudited)

	<u>Three Months</u>		<u>Six Months</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Operating Revenue	<u>\$1,328,080</u>	<u>\$2,398,728</u>	<u>\$2,830,875</u>	<u>\$4,631,320</u>
Operating Expenses:				
Salaries, wages and employees' benefits	1,012,357	1,332,137	2,179,356	2,685,283
Operating expenses and supplies	309,374	538,664	676,666	1,024,893
Purchased transportation	164,070	281,938	339,254	536,250
Depreciation and amortization	64,449	63,435	130,718	126,748
Other operating expenses	78,542	105,803	183,247	218,568
(Gains) losses on property disposals, net	(1,006)	3,053	587	6,539
Reorganization and settlements	—	2,444	—	15,228
Total operating expenses	<u>1,627,786</u>	<u>2,327,474</u>	<u>3,509,828</u>	<u>4,613,509</u>
Operating Income (Loss)	<u>(299,706)</u>	<u>71,254</u>	<u>(678,953)</u>	<u>17,811</u>
Nonoperating (Income) Expenses:				
Interest expense	38,414	18,877	70,633	38,216
Equity investment impairment	30,374	—	30,374	—
Other	171	(1,863)	3,872	(3,834)
Nonoperating expenses, net	<u>68,959</u>	<u>17,014</u>	<u>104,879</u>	<u>34,382</u>
Income (Loss) Before Income Taxes	(368,665)	54,240	(783,832)	(16,571)
Income tax provision (benefit)	(59,628)	18,461	(201,013)	(5,980)
Net Income (Loss)	<u>\$ (309,037)</u>	<u>\$ 35,779</u>	<u>\$ (582,819)</u>	<u>\$ (10,591)</u>
Average Common Shares Outstanding – Basic	59,480	57,122	59,427	57,000
Average Common Shares Outstanding – Diluted	59,480	58,193	59,427	57,000
Basic Earnings (Loss) Per Share	\$ (5.20)	\$ 0.63	\$ (9.81)	\$ (0.19)
Diluted Earnings (Loss) Per Share	\$ (5.20)	\$ 0.62	\$ (9.81)	\$ (0.19)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS
YRC Worldwide Inc. and Subsidiaries
For the Six Months Ended June 30
(Amounts in thousands)
(Unaudited)

	2009	2008
Operating Activities:		
Net income (loss)	\$(582,819)	\$ (10,591)
Noncash items included in net income (loss):		
Depreciation and amortization	130,718	126,748
Stock compensation expense	26,754	5,527
Pension settlement charges	5,755	—
Curtailed gain	—	(34,460)
Equity investment impairment	30,374	—
Losses on property disposals, net	587	6,508
Deferred income tax provision (benefit), net	(199,086)	11,288
Other noncash items, net	15,060	(3,015)
Changes in assets and liabilities, net:		
Accounts receivable	166,976	(42,165)
Accounts payable	(82,270)	(13,573)
Other operating assets	67,695	23,429
Other operating liabilities	176,839	40,891
Net cash provided by (used in) operating activities	<u>(243,417)</u>	<u>110,587</u>
Investing Activities:		
Acquisition of property and equipment	(26,026)	(77,018)
Proceeds from disposal of property and equipment	37,533	11,079
Other	(198)	(4,201)
Net cash provided by (used in) investing activities	<u>11,309</u>	<u>(70,140)</u>
Financing Activities:		
Asset backed securitization borrowings (payments), net	58,042	(40,000)
Issuance of long-term debt	284,201	5,876
Repayment on long-term debt	(223,449)	—
Debt issuance costs	(47,526)	(3,282)
Proceeds from exercise of stock options	—	50
Net cash provided by (used in) financing activities	<u>71,268</u>	<u>(37,356)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(160,840)	3,091
Cash and Cash Equivalents, Beginning of Period	<u>325,349</u>	<u>58,233</u>
Cash and Cash Equivalents, End of Period	<u>\$ 164,509</u>	<u>\$ 61,324</u>
Supplemental Cash Flow Information:		
Pension contribution deferral transfer to long-term debt	\$ 133,227	\$ —

The accompanying notes are an integral part of these statements.

STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY
YRC Worldwide Inc. and Subsidiaries
For the Six Months Ended June 30
(Amounts in thousands)
(Unaudited)

	<u>2009</u>
Common Stock	
Beginning balance	\$ 62,413
Issuance of equity awards	187
Ending balance	<u>\$ 62,600</u>
Capital Surplus	
Beginning balance	\$ 1,224,606
Cumulative effect – adoption of FSP 14-1 (See Note 6)	14,980
Adjusted beginning balance	1,239,586
Share-based compensation	23,866
Other, net	(185)
Ending balance	<u>\$ 1,263,267</u>
Accumulated Deficit	
Beginning balance	\$ (547,338)
Cumulative effect – adoption of FSP 14-1 (see Note 6)	(7,923)
Adjusted beginning balance	(555,261)
Net loss	(582,819)
Ending balance	<u>\$(1,138,080)</u>
Accumulated Other Comprehensive Income (Loss)	
Beginning balance	\$ (172,550)
Pension, net of tax:	
Reclassification of net losses to net income	1,060
Foreign currency translation adjustments	3,472
Ending balance	<u>\$ (168,018)</u>
Treasury Stock, At Cost	
Beginning and ending balance	<u>\$ (92,737)</u>
Total Shareholders' Equity	<u>\$ (72,968)</u>

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YRC Worldwide Inc. and Subsidiaries
(Unaudited)

1. Description of Business

YRC Worldwide Inc. (also referred to as “YRC Worldwide”, “the Company”, “we” or “our”), one of the largest transportation service providers in the world, is a holding company that through wholly owned operating subsidiaries offers its customers a wide range of transportation services. These services include global, national and regional transportation as well as logistics. Our operating subsidiaries include the following:

- YRC National Transportation (“National Transportation”) is the reporting unit for our transportation service providers focused on business opportunities in regional, national and international services. This unit includes our less-than-truckload (“LTL”) subsidiary YRC Inc. (“YRC”), which was formed through the March 2009 integration of our former Yellow Transportation and Roadway networks. National Transportation provides for the movement of industrial, commercial and retail goods, primarily through regionalized and centralized management and customer facing organizations. National Transportation also includes YRC Reimer, a subsidiary located in Canada that specializes in shipments into, across and out of Canada. Approximately 37% of National Transportation shipments are completed in two days or less. In addition to the United States (“U.S.”) and Canada, National Transportation also serves parts of Mexico, Puerto Rico and Guam.
- YRC Regional Transportation (“Regional Transportation”) is the reporting unit for our transportation service providers focused on business opportunities in the regional and next-day delivery markets. Regional Transportation is comprised of New Penn Motor Express, Holland and Reddaway. These companies each provide regional, next-day ground services in their respective regions through a network of facilities located across the U.S., Canada, Mexico and Puerto Rico. Approximately 92% of Regional Transportation LTL shipments are completed in two days or less.
- YRC Logistics plans and coordinates the movement of goods worldwide to provide customers a single source for logistics management solutions. YRC Logistics delivers a wide range of global logistics management services, with the ability to provide customers improved return-on-investment results through logistics services and technology management solutions.
- YRC Truckload (“Truckload”) reflects the results of Glen Moore, a provider of truckload services throughout the U.S.

At June 30, 2009, approximately 68% of our labor force is subject to various collective bargaining agreements, which predominantly expire in 2013.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of YRC Worldwide and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in non-majority owned affiliates or those in which we do not have control where the entity is either not a variable interest entity or YRC Worldwide is not the primary beneficiary, are accounted for on the equity method. There are no noncontrolling (minority) interests in our consolidated subsidiaries, consequently, all of our shareholders’ equity, net income (loss) and comprehensive income (loss) for the periods presented are attributable to controlling interests for the periods presented in the accompanying statements and notes. Management makes estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. Actual results could differ from those estimates. We have prepared the consolidated financial statements, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In management’s opinion, all normal recurring adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods included in these financial statements herein have been made. We have considered subsequent events through August 10, 2009, the date of this report. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements pursuant to SEC rules and regulations. Accordingly, the accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Restricted Cash

As required by our Credit Agreement, certain net cash proceeds from asset sales were required to be deposited in a restricted account (the “Escrow Account”), invested in a money market fund and pledged to our lenders under the Credit Agreement. On June 17, 2009, we entered into Amendment No. 7 to our Credit Agreement which provided the release of

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all amounts in the Escrow Account totaling approximately \$73 million (except for \$3.6 million that was released to the Company to prepay certain deferred pension obligations discussed below). These released amounts were used to repay a portion of the revolving loan under the Credit Agreement.

Assets Held for Sale

When we plan to dispose of property or equipment by sale, the asset is carried in the financial statements at the lower of the carrying amount or estimated fair value, less cost to sell, and is reclassified to assets held for sale. Additionally, after the reclassification, there is no further depreciation taken on the asset. For an asset to be classified as held for sale, management must approve and commit to a formal plan, the sale should be anticipated during the ensuing year and the asset must be actively marketed, be available for immediate sale, and meet certain other specified criteria. At June 30, 2009 and December 31, 2008, the net book value of assets held for sale was approximately \$117.5 million and \$32.4 million, respectively. This amount is included in "Property and Equipment" in the accompanying consolidated balance sheets. We recorded charges of \$3.7 million and \$7.0 million for the three and six months ended June 30, 2009 and \$3.7 million and \$6.4 million for the three and six months ended June 30, 2008, respectively, to reduce properties and equipment held for sale to estimated fair value, less cost to sell. These charges are included in "(Gains) Losses on Property Disposals, Net" in the accompanying statements of consolidated operations.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings approximates their fair value due to the short-term nature of these instruments.

3. Liquidity

The current economic recession and the lingering tight credit market resulting from the global financial crisis continue to have a dramatic effect on our industry. The current recessionary environment continues to negatively impact our customers' needs to ship and, therefore, negatively impacts the volume of freight we service and the price we receive for our services. As a result, we continue to experience lower year-over-year revenue (primarily a function of declining volume) and significant operating losses. In addition, we believe that some of our customers have reduced their shipments with us to mitigate the risks of integration of our Yellow Transportation and Roadway networks. We experienced these reduced shipment levels to a greater extent in March 2009 and for a longer period extending into the second quarter than we anticipated when planning the integration of our networks. As a result, our financial results for the second quarter have fallen short of our previous expectations. As our service has improved from the March 2009 integration, our shipment volumes have stabilized; we have added new customers to our networks and have increased our volumes with certain existing customers during the second quarter. Although many of our customers have returned their business to us, this business has not returned as quickly as we had anticipated. In addition, we believe that many of our existing customers have reduced their business with us during the last couple of quarters due to the uncertainty regarding our financial condition. As we continue to improve our service and stabilize our financial condition, we anticipate the return of the shipping volume from these customers. However, we cannot predict how quickly and to what extent these volumes will return.

Operating Performance and Cash Flow Improvement Activities

In light of the current economic recession, we have implemented or are in the process of implementing the following actions (among others) to reduce our cost base and improve our operating income and cash flow from operations:

- the integration of our Yellow Transportation and Roadway networks into a single service network, now branded "YRC"
- the discontinuation of the geographic service overlap between our Holland and New Penn networks
- the first quarter implementation of a 10% wage reduction for substantially all of our employees (both union and non-union)
- further reductions in the number of terminals to right-size our transportation networks to current shipment volumes
- the August 2009 implementation of an additional 5% wage reduction for substantially all of our union employees
- the temporary cessation of pension contributions to our multiemployer, union pension funds (the "Pension Funds") starting in July 2009 through December 31, 2010, which cessation eliminates the need to recognize expense for these contributions during this period
- the continued suspension of company matching 401(k) contributions for non-union employees
- the sale of excess property and equipment, primarily resulting from the integration of the Yellow Transportation and Roadway networks
- the sale and leaseback of core operating facilities

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- reductions in force to scale our business to current shipping volumes
- other cost reduction measures in general, administrative and other areas
- changes to our overall risk management structure to reduce our letter of credit requirements
- ongoing discussions with our lender group regarding our progress on our comprehensive strategic plan and our need for longer-term modifications to the Credit Agreement
- commencement of discussions with certain existing bondholders in an effort to address the company's capital structure, including its near term debt maturities

Certain of these actions are further described below.

YRC Integration

In March 2009, we completed the integration of our Yellow Transportation and Roadway networks into one service network, now branded "YRC". Since the integration, our service (both on-time deliveries and reduced claims) has improved to a level above pre-integration. In addition, productivity measurements for city pick up and delivery labor, dock labor, and load average in our line haul operation have also improved since the integration. During the integration, we believe many of our customers reduced their shipments with us to mitigate their risks from our integration. As our service has improved from the March 2009 integration, many of these customers are now returning their shipping volumes to us and we have added new customers. However, these volumes have not returned as quickly as we had anticipated. We cannot predict how quickly and to what extent these volumes will return. As a result of successful integration, we have been able to implement a number of significant cost savings actions, including reducing the number of terminals, reducing headcount and decreasing our fleet size. We will implement further cost saving measures in the event that we experience further declines in shipping volume.

Ratification of Collective Bargaining Agreement Modification

On August 7, 2009, a majority of our employees who are represented by the International Brotherhood of Teamsters (the "Teamsters") ratified a modification to our collective bargaining agreement. The modification provides (among other things) the following:

- a temporary cessation of the requirement for the Company's subsidiaries to make contributions on behalf of most of the Company's Teamster represented employees to the Pension Funds from July 2009 through December 31, 2010. These contributions will not need to be repaid in the future and, therefore, will be a cost reduction during this period;
- a 15% wage reduction (which includes the 10% wage reduction previously implemented in January 2009) for most of the Company's Teamster represented employees;
- a reduction in the increase in contributions to multiemployer health and welfare plans from \$1.00 per hour to \$0.20 per hour that are scheduled for August 1, 2009 and to \$0.40 per hour for those scheduled for August 1, 2010;
- the establishment of a stock option plan for participating union employees, providing for options to purchase an additional 20% of the Company's outstanding common stock on a fully diluted basis as if all outstanding stock options were exercised on the date the plan is established. This plan is required to be on terms substantially similar to the plan created in January 2009, when the first 10% wage reduction was implemented, including the requirement that the Company's shareholders approve the plan. If the Company's shareholders do not approve the plan, the participating union employees would receive stock appreciation rights on similar terms. The stock option grants will occur on the date the Teamsters certify to the Company that the Company has entered into an amendment to its Credit Agreement that is acceptable to the Teamsters and the date that the Company certifies to the Teamsters there exists no event or condition which constitutes a default (as defined in the Credit Agreement) or which upon notice, lapse of time or both would, unless cured or waived, become or lead to such a default.
- on or before September 6, 2009, subject to the approval of the Company's board of directors and the Company's bank group, the Company is required to appoint an officer with authority to coordinate and oversee the Company's continued recovery efforts. This officer will be the same officer as discussed under "Credit Agreement Amendment – Designated Officer" below.
- during the period in which the temporary pension contribution cessation is in effect, subject to the approval of the Company's board of directors, which approval may not be unreasonably withheld, the Company is required to appoint a director that the Teamsters nominate.

As with prior ratification elections, a small number of the bargaining units representing less than 10% of our Teamster employees did not yet ratify the labor agreement modifications. The Company and the Teamsters expect to address employee concerns and have these smaller bargaining units reconsider the modifications in the near future. If these units do not approve the modification, they will continue under their current collective bargaining agreements without additional modification. Absent ratification, among other obligations, the Company would remain obligated to make contributions for these employees to the applicable Pension Funds. For the three months ended June 30, 2009, the Company was obligated to make approximately \$2.1 million in average monthly contributions to the Pension Funds for these non-ratifying units. Certain of the smaller Pension Funds (primarily in the Northeast) to which the Company contributes terminated the Company's participation in these Pension Funds in advance of the ratification of the labor agreement modifications. With respect to the non-ratifying bargaining units, if these units do not subsequently ratify the modifications, the Company and these Pension Funds will need to agree to amend the termination notices to allow these units to continue to participate in the Pension Funds to avoid withdrawal liability.

Credit Agreement Amendment

On July 30, 2009, the Company and certain of its subsidiaries entered into Amendment No. 9 to the Credit Agreement (the "Credit Agreement Amendment"), which amends certain of the provisions of the Credit Agreement. The Credit Agreement

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continues to provide us with a \$950 million senior revolving credit facility, including sublimits available for borrowings under certain foreign currencies and for letters of credit, and a senior term loan in an aggregate outstanding principal amount of approximately \$111.5 million. Unless otherwise noted, all references to the Credit Agreement give effect to the Credit Agreement Amendment. Set forth below is a summary of the principal terms of the Credit Agreement Amendment.

Financial Covenants

The Credit Agreement Amendment suspends the requirement that the Company maintains liquidity equal to or greater than \$100 million at all times until September 1, 2009. In addition, the Credit Agreement Amendment amends the minimum consolidated EBITDA negative covenant:

- (a) by including an add back to consolidated EBITDA of the Company and its subsidiaries of up to \$14 million for certain restructuring charges for the fiscal quarter ending December 31, 2009, of up to \$8 million for certain restructuring charges for the fiscal quarter ending March 31, 2010 and of up to \$5 million for certain restructuring charges for the fiscal quarter ending June 30, 2010; and
- (b) by resetting minimum Consolidated EBITDA amounts and test dates as follows:

<u>Period</u>	<u>Minimum Consolidated EBITDA</u>
For the fiscal quarter ending on December 31, 2009	\$ 15,000,000
For the fiscal quarter ending on March 31, 2010	\$ 20,000,000
For the two consecutive fiscal quarters ending on June 30, 2010	\$ 80,000,000
For the three consecutive fiscal quarters ending September 30, 2010	\$ 145,000,000
For the four consecutive fiscal quarters ending December 31, 2010	\$ 210,000,000

Revolver Reserve Amount

The Credit Agreement Amendment extends the date upon which the revolving commitments would be permanently reduced by an amount equal to the then current Revolver Reserve Amount (as defined below) to September 1, 2009.

Asset Sale Mandatory Prepayment

Pursuant to the Credit Agreement Amendment, the asset sale mandatory prepayment provision was amended to no longer require the Company to include any of the first \$50 million of net cash proceeds received from real estate asset sales after the Credit Agreement Amendment effective date until September 1, 2009 in the Revolver Reserve Amount, subject to:

- (a) in the case of the first \$20 million of net cash proceeds received, no restrictions;
- (b) (following receipt of the initial \$20 million) in the case of the \$15 million of net cash proceeds received, ratification of the modifications to the collective bargaining agreement by employees represented by the Teamsters; and
- (c) (following receipt of the initial \$20 million) in the case of the final \$15 million of net cash proceeds received, engaging a designated officer in accordance with the terms of the Credit Agreement Amendment (as further described below).

If the conditions in paragraphs (b) and (c) are not satisfied prior to the Company's receipt of the respective net cash proceeds, then 50% of such proceeds will be placed in an escrow account until that condition is satisfied, at which time the escrow account will be released. If the conditions are not satisfied before August 30, 2009, then any amount retained in the escrow account on such date shall be applied as a prepayment to revolving loans under the Credit Agreement and the Revolver Reserve Amount will increase by a corresponding amount.

Additional Reporting Obligations

Pursuant to the Credit Agreement Amendment, the Company is required to deliver to the administrative agent and the lenders, prior to certain specified dates, a comprehensive strategic plan reasonably acceptable to the lenders, along with related financial projections, models and analysis and the written terms and conditions setting forth all of the necessary actions requested by the Company to be taken to achieve the comprehensive strategic plan.

Designated Officer

Pursuant to the Credit Agreement Amendment, the Company is required to appoint and continue to engage a designated officer to, among other things, coordinate and oversee the Company's continued recovery efforts.

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ABS Facility Amendment

On July 30, 2009, the Company and the other parties thereto entered into Amendment No. 7 to the ABS Facility (the “ABS Amendment”). The ABS Amendment amends certain Trigger Events (as defined in the ABS Facility) to make the Minimum Consolidated EBITDA (as defined in the ABS Facility) requirements consistent with the Credit Agreement. The ABS Amendment also amends specified provisions with respect to the Liquidity Notification Date (as defined in the ABS Facility) consistent with the Credit Agreement. In connection with the ABS Facility Amendment, the Company paid fees to each participating co-agent under the ABS Facility in an amount equal to 0.50% of the Group Limit (as defined in the ABS Facility) applicable to that co-agent.

Lease Financing Transactions

We have entered into several lease financing transactions with various parties, including NATMI Truck Terminals, LLC and its affiliates (“NATMI”) and Estes Express Lines (“Estes”). The underlying transactions included providing title of certain real estate assets to the issuer in exchange for agreed upon proceeds; however, the transactions did not meet the accounting definition of a “sale leaseback” and as such, the assets remain on our balance sheet and long-term debt (titled Lease Financing Obligations) is reflected on our balance sheet in the amount of the proceeds. We are required to make annual lease payments, which are recorded as principal and interest payments under these arrangements, generally over a term of ten years.

The table below summarizes our lease financing transactions through June 30, 2009:

<u>Issuer</u>	<u>Original Contract Amount</u>	<u>Contracts completed in second quarter 2009</u>	<u>Contracts completed in first half of 2009</u>	<u>Contracts completed subsequent to June 30, 2009</u>	<u>Contract modifications</u>	<u>Remaining contracted amount to close</u>	<u>Effective interest rates</u>
NATMI	\$ 150.4	\$ 16.1	\$ 127.4	\$ —	\$ (23.0)	\$ —	10.3%-18.4%
Estes	122.0	72.5	96.3	0.4	8.6	33.9	10.0%
Other	93.1	37.9	60.5	1.5	(31.1)	—	10.0%-14.1%
Total	<u>\$ 365.5</u>	<u>\$ 126.5</u>	<u>\$ 284.2</u>	<u>\$ 1.9</u>	<u>\$ (45.5)</u>	<u>\$ 33.9</u>	

On August 7, 2009, we executed a contract with NATMI for additional lease financing transactions having a value of approximately \$81.4 million.

We have used the proceeds received from the above transactions, as follows:

<u>(in millions)</u>	<u>Six months ended June 30, 2009</u>
Proceeds received	\$ 284.2
Amounts required to be escrowed with issuer	(8.1)
Transaction costs	(4.0)
Net proceeds received	272.1
Amounts required to be remitted to the Revolver Reserve	(79.3)
Amounts available for working capital purposes	<u>\$ 192.8</u>

In addition to the \$79.3 million referenced in the table above, we were required to repay borrowings under the revolving loan by an additional \$15.4 million as a result of additional asset sales thereby making the Revolver Reserve Amount equal to \$94.7 million at June 30, 2009.

As previously discussed, the Credit Agreement Amendment amended, among other things, the terms of the asset sale mandatory prepayment provision through August 31, 2009. Thereafter, unless otherwise amended, our Credit Agreement will require the net proceeds from certain real estate asset sales to be applied as follows:

- for any real estate asset sale (other than the first \$150 million in net cash proceeds received under certain transactions with NATMI subject to any reductions associated with possible pension contribution deferrals discussed below) the net cash proceeds of which, together with the aggregate amount of net cash proceeds from all such real estate asset sales occurring on or after January 1, 2009,

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- is less than or equal to \$300 million and occurs after August 31, 2009, 50% of such proceeds shall be used to prepay amounts outstanding under the Credit Agreement and the remaining 50% shall be retained by the Company;
- is greater than \$300 million and less than or equal to \$500 million, 75% of such proceeds shall be used to prepay amounts outstanding under the Credit Agreement and the remaining 25% shall be retained by the Company; and
- is greater than \$500 million, all of such proceeds shall be used to prepay amounts outstanding under the Credit Agreement.

Pension Contribution Deferral Obligations

On June 17, 2009, we entered into a Contribution Deferral Agreement with the Central States, Southeast, Southwest Areas Pension Fund (the “Central States Pension Fund”) whereby approximately \$84.0 million of pension contributions originally due to the Central States Pension Fund on or before June 15, 2009 were converted to debt. All other Pension Funds to which we such owed pension contributions of \$49.2 million have also executed joinder agreements and are parties to the Contribution Deferral Agreement. In addition, we have deferred our July pension contributions of \$30.1 million, which relate to June hours, and are working with each Pension Fund to execute additional joinder agreements to add these amounts to the Contribution Deferral Agreement. At June 30, 2009, these amounts related to June hours are classified as “Wages, vacations and employees’ benefits” in our consolidated balance sheet.

These amounts bear interest at the applicable interest rate set forth in the trust documentation that governs the Pension Fund and range from 4% to 18% as of June 30, 2009. The interest rate for the Central States Pension Fund representing the largest deferred amount is equal to prime plus two percent. We remit interest payments monthly.

In exchange for the deferral of the obligations, we pledged identified real property to the Pension Funds so that the Pension Funds have a first priority security interest in certain of the identified real property and a second priority security interest in other identified real property located throughout the U.S. and Mexico.

We must prepay the obligations on a ratable basis to the Pension Funds (i) with the net cash proceeds from the sale of first priority collateral or (ii) to the extent that Liquidity (as defined in the Credit Agreement) of the Company is greater than \$250 million, an amount equal to such excess (the “Excess Amount”); provided that Liquidity must be equal to \$250 million after giving effect to such payment and no payment shall be required until the Excess Amount is equal to or great than \$1 million at any time.

We made a payment of \$4.7 million to reduce these obligations in June 2009 leaving a balance of \$128.5 million as of June 30, 2009. Additional repayment amounts are required in thirty-six equal monthly installments commencing on January 15, 2010.

Existing Liquidity Position

The following table provides details of the outstanding components and available unused capacity under the Credit Agreement and ABS Facility at each period end:

<u>(in millions)</u>	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Capacity:		
Revolving loan	\$ 950.0	\$ 950.0
ABS Facility	500.0	500.0
Total maximum capacity	<u>1,450.0</u>	<u>1,450.0</u>
Amounts outstanding:		
Revolving loan	(339.1)	(515.0)
Letters of credit (6/30/09: \$ 482.1 revolver; \$77.2 ABS Facility)	(559.3)	(460.5)
ABS Facility borrowings	(205.0)	(147.0)
ABS usage for captive insurance company (see below)	—	(221.0)
Total outstanding	<u>(1,103.4)</u>	<u>(1,343.5)</u>
Unused capacity	\$ 346.6	\$ 106.5
Available unused capacity (6/30/09: \$34.0 revolver; \$19.1 ABS Facility)	<u>\$ 53.1</u>	<u>\$ 41.9</u>

As we sold certain assets, we used the proceeds to reduce the outstanding revolving loan balance. The Credit Agreement provides that we reserve an accumulated portion of the net cash proceeds from certain asset sales (the “Revolver Reserve Amount”), which

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amount reduces our revolving credit capacity on a dollar-for-dollar basis unless certain conditions are satisfied. As a result of this provision, our overall availability was reduced by \$94.7 million at June 30, 2009. There was no similar amount at December 31, 2008. After considering the Revolver Reserve Amount of \$94.7 million, available capacity under the revolving loan was \$34.0 million at June 30, 2009. Our Credit Agreement requires that the revolving loan borrowing capacity will be permanently reduced by the Revolver Reserve Amount on September 1, 2009.

The ABS Facility permits borrowings of up to \$500 million based on qualifying accounts receivable of the Company. However, at June 30, 2009 and December 31, 2008, our underlying accounts receivable supported total capacity under the ABS Facility of \$301.3 million and \$435.4 million, respectively. Considering this limitation, available unused capacity under the Credit Agreement and the ABS Facility at June 30, 2009 and December 31, 2008, was \$53.1 million and \$41.9 million, respectively.

YRC Assurance Co. Ltd. ("YRC Assurance") was the Company's captive insurance company domiciled in Bermuda and a wholly owned and consolidated subsidiary of YRC Worldwide. YRC Assurance insured certain of our subsidiaries for certain of their respective self-insured obligations for workers' compensation liabilities. Certain qualifying investments were made by YRC Assurance as required by Bermuda regulations. These investments included purchasing a position in the underlying receivables supporting our ABS Facility. As a result, as shown in the table above, our capacity under the ABS Facility was reduced by YRC Assurance's investment in receivables of \$221.0 million at December 31, 2008. Our Credit Agreement required us to cease the participation of YRC Assurance in the ABS Facility. We have complied with this requirement, and YRC Assurance is in the process of being dissolved. As a result of these transactions, the operating companies who received insurance from YRC Assurance are now self-insured for their workers' compensation liabilities.

Future Liquidity

In light of our recent operating results, we have satisfied our short term liquidity needs through a combination of borrowings under our Credit Agreement and ABS Facility and, to a more significant degree, retained proceeds from asset sales and sale/leaseback financing transactions and deferrals of pension plan payments. As our operating results improve, we expect that cash generated from operations will reduce our need to continue to rely upon these sources of liquidity to meet our short term funding requirements. Although we expect the wage reduction and temporary pension contribution cessation will improve our liquidity position, these and other cost savings measures noted above will be realized over time as they are implemented over the next several months. In order to continue to have sufficient liquidity to meet our operating requirements throughout the remainder of 2009:

- our operating results must continue to improve quarter-over-quarter and shipping volumes must continue to stabilize or recover quarter-over-quarter,
- we must continue to have access to our Credit Agreement and ABS Facility,
- we need to complete the sale/leaseback and real estate sale transactions currently under contract as anticipated,
- our wage reductions and temporary cessation of pension contributions must continue and
- we must realize the cost savings we expect from these and other actions we have taken to date in the anticipated time periods.

Over the longer term, we have an aggregate of approximately \$386.8 million of indebtedness that matures or that we are otherwise required to repurchase at the option of the holder within the next twelve months. Specifically, \$150 million in aggregate principal amount of USF's 8 1/2% Guaranteed Notes (the "USF Notes") mature on April 15, 2010 and \$236.8 million in aggregate principal amount of the 5.0% contingent convertible senior notes due 2023 (the "5.0% Notes") may be put to us by the holders of the 5.0% Notes on August 8, 2010. In addition, our Credit Agreement permits the lenders to accelerate the maturity date of our obligations under the Credit Agreement if the remaining obligations under the USF Notes is equal to or greater than \$50 million on or after March 1, 2010 or if the remaining obligations under the 5.0% Notes is equal to or greater than \$50 million on or after June 25, 2010. Finally, the modification to our collective bargaining agreement with the Teamster's provides that the Teamsters may terminate the wage and benefit reductions in the modification if the USF Notes are not refinanced, repurchased or extinguished before March 1, 2010 or the 5.0% Notes are not refinanced, repurchased or extinguished before July 1, 2010 (or, in each case, such later date as the Teamsters may determine). If we do not have sufficient free cash flow to satisfy these obligations and the capital markets are not available to refinance the obligations, we would not be able to refinance these existing notes. Accordingly, we have retained financial and legal advisors and have commenced discussions with certain holders of these and other outstanding debt securities in an effort to address these upcoming maturities.

Risks and Uncertainties Relating to Liquidity

Our ability to satisfy our future liquidity requirements is subject to a number of risks and uncertainties as outlined below.

The Credit Agreement and the ABS Facility each requires us to comply with a number of covenants. Any failure to comply with these covenants would impact our ability to access borrowings under these facilities. As previously discussed, the Credit Agreement Amendment and the ABS Amendment eliminated any minimum EBITDA requirements through September 30, 2009 and reset the minimum EBITDA requirement for the fourth quarter of 2009 and each quarter during 2010. Additionally, these amendments eliminated the minimum liquidity requirement for August 2009. This minimum liquidity requirement will resume at the \$100 million level in September 2009. If we fail to meet our minimum liquidity requirement or our required EBITDA levels under our Credit Agreement and ABS Facility after these dates, we would need to seek a waiver or forbearance from our lenders and lessors under our Credit Agreement, our ABS Facility and certain of our leases; otherwise our lenders and lessors could declare an event of default and accelerate our obligations thereunder. Our financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount of and classification of liabilities that may result from these and other significant uncertainties surrounding the Company's ability to continue to meet its obligations as they become due in the ordinary course of business.

As of June 30, 2009, we had approximately \$35.8 million of sale/leaseback transactions under contract that we expect to complete during the third quarter of 2009. In addition, we signed a contract with NATMI on August 7, 2009 for \$81.4 million related to additional properties. The amount of actual dispositions and sale and financing leasebacks that we complete will be determined by the availability of capital and willing buyers and counterparties in the market and the outcome of discussions to enter into and close any such transactions on negotiated terms and conditions, including (without limitation) usual and ordinary closing conditions such as favorable title reports or opinions and favorable environmental assessments of specific properties.

The modification to our collective bargaining agreement with the Teamsters requires, among other things, that we enter into a bank amendment that is acceptable to the Teamsters. We are involved in ongoing discussions with our lenders regarding this amendment. If we fail to enter into such a bank amendment, the Teamsters may nullify the benefits of our recent modification to the collective bargaining agreement (including the wage reduction, temporary pension contribution cessation and related cost benefits).

Our forecasts include significant judgment and significant market risk that may or may not be realized. Items that contribute to these judgments and risks, many of which are beyond our control, include the actual duration of the U.S. recession and our related assumptions around economic outlook, the continued improvements in productivities and service for our YRC network and the return of customers shipments to that network, our ability to further reduce costs and our need for additional liquidity including liquidity from cash flows from operating activities and other liquidity enhancing initiatives (such as sale and leaseback type transactions) that may not materialize. Our forecasts are also dependent on the factors listed in the introduction to MD&A and the risk factors listed in Part I of our Annual Report on Form 10-K for the year ended December 31, 2008.

4. Intangibles

We have the following amortizable intangible assets:

(in millions)	Weighted Average Life (years)	June 30, 2009		December 31, 2008	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer related	11.9	\$ 214.7	\$ 75.1	\$ 214.2	\$ 65.4
Marketing related	5.6	3.6	2.9	3.5	2.6
Technology based	5.0	25.6	24.2	25.6	23.3
Intangible assets		<u>\$ 243.9</u>	<u>\$ 102.2</u>	<u>\$ 243.3</u>	<u>\$ 91.3</u>

Total marketing related intangible assets with indefinite lives, primarily tradenames, were \$33.5 million and \$32.8 million as of June 30, 2009 and December 31, 2008, respectively.

During the three months ended June 30, 2009, we determined indicators of impairment, primarily volume reductions in all of our reporting segments, were present. We performed certain tests consisting of discounted cash flow models and determined that the lives assigned to certain customer relationships should be reduced to better align with actual attrition rates. This resulted in additional amortization expense of \$1.4 million during the three months ended June 30, 2009. Estimated amortization expense related to intangible assets for 2009 and each of the next five years is as follows:

(in millions)	2009	2010	2011	2012	2013	2014
Estimated amortization expense	<u>\$ 21.5</u>	<u>\$ 20.4</u>	<u>\$ 19.4</u>	<u>\$ 19.4</u>	<u>\$ 19.4</u>	<u>\$ 19.4</u>

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No other impairment amounts were required as of June 30, 2009.

5. Other Assets

The primary components of other assets are as follows:

<u>(in millions)</u>	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Equity method investments:		
JHJ International Transportation Co., Ltd.	\$ 47.8	\$ 47.7
Shanghai Jiayu Logistics Co., Ltd.	21.8	44.6
Other	78.7	27.6
Total	<u>\$148.3</u>	<u>\$ 119.9</u>

During the three months ended June 30, 2009, we determined our investment with respect to Shanghai Jiayu Logistics Co., Ltd. incurred an other than temporary impairment. This is primarily the result of different assumptions with respect to revenue growth rates from the initial valuation to those assumed in the current economic environment. As a result, we recognized an impairment charge for this equity method investment of \$30.4 million during the three months ended June 30, 2009. This amount is classified as a non-operating expense in the accompanying statements of operations. No such amount was recorded during the three or six months ended June 30, 2008.

6. Debt and Financing

Total debt consisted of the following:

<u>(in millions)</u>	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Asset backed securitization borrowings, secured by accounts receivable	\$ 205.0	\$ 147.0
USF senior notes	153.0	154.9
Contingent convertible senior notes	377.4	375.8
Term loan	112.8	150.0
Revolving credit facility	339.1	515.0
Lease financing obligations	280.9	—
Pension contribution deferral obligations	128.5	—
Industrial development bonds	6.0	7.0
Total debt	<u>\$1,602.7</u>	<u>\$ 1,349.7</u>
Current maturities of long-term debt	(536.4)	(415.3)
Current maturities of lease financing obligations	(1.3)	—
Current maturities of pension contribution deferral obligations	(27.0)	—
ABS borrowings	(205.0)	(147.0)
Long-term debt	<u>\$ 833.0</u>	<u>\$ 787.4</u>

As of June 30, 2009, we were in compliance with the various debt covenants, as amended in May 2009, under our lending agreements.

Asset-Backed Securitization Facility

At June 30, 2009, our underlying accounts receivable supported total capacity under our ABS Facility of \$301.3 million. In addition to the \$205.0 million outstanding, the ABS facility capacity was also reduced by outstanding letters of credit of \$77.2 million resulting in unused capacity of \$19.1 million at June 30, 2009.

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Lease Financing Obligations

The table below summarizes our lease financing transactions through June 30, 2009:

Issuer	Original Contract Amount	Contracts completed in second quarter 2009	Contracts completed in first half of 2009	Contracts completed subsequent to June 30, 2009	Contract modifications	Remaining contracted amount to close	Effective interest rates
NATMI	\$ 150.4	\$ 16.1	\$ 127.4	\$ —	\$ (23.0)	\$ —	10.3%-18.4%
Estes	122.0	72.5	96.3	0.4	8.6	33.9	10.0%
Other	93.1	37.9	60.5	1.5	(31.1)	—	10.0%-14.1%
Total	<u>\$ 365.5</u>	<u>\$ 126.5</u>	<u>\$ 284.2</u>	<u>\$ 1.9</u>	<u>\$ (45.5)</u>	<u>\$ 33.9</u>	

Pension Contribution Deferral Obligations

On June 17, 2009, we entered into a Contribution Deferral Agreement with the Central States, Southeast, Southwest Areas Pension Fund (the "Central States Pension Fund") whereby approximately \$84.0 million of pension contributions originally due to the Central States Pension Fund on or before June 15, 2009 was converted to debt. Other Pension Funds to which we owed pension contributions of \$49.2 million have also executed joinder agreements and are parties to the Contribution Deferral Agreement.

These amounts bear interest at the applicable interest rate set forth in the trust documentation that governs the Pension Fund and range from 4% to 18% as of June 30, 2009. The interest rate for the Central States Pension Fund representing the largest deferred amount is equal to prime plus two percent (5.25% at June 30, 2009). We remit interest payments monthly.

In exchange for the deferral of the obligations, we pledged identified real property to the Pension Funds so that the Pension Funds have a first priority security interest in certain of the identified real property and a second priority security interest in other identified real property located throughout the U.S. and Mexico.

We must prepay the obligations on a ratable basis to the Pension Funds (i) with the net cash proceeds from the sale of first priority collateral or (ii) to the extent that Liquidity (as defined in the Credit Agreement as currently in effect) of the Company is greater than \$250 million, an amount equal to such excess (the "Excess Amount"); provided, that, Liquidity shall be equal to \$250 million after giving effect to such payment and no payment shall be required until the Excess Amount is equal to or greater than \$1 million at any time.

We made a payment of \$4.7 million to reduce these obligations in June 2009 leaving a balance of \$128.5 million as of June 30, 2009. Additional repayment amounts are required in thirty-six equal monthly installments commencing on January 15, 2010.

Contingent Convertible Senior Notes

In May 2008, the FASB issued FASB Staff Position ("FSP") No. APB 14-1, "Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion (Including Partial Cash Settlement)". This FSP clarifies that issuers of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. We adopted the FSP on January 1, 2009.

The transition provisions require that the FSP be applied retrospectively to all periods presented. The cumulative effect of the change in accounting principle on prior periods presented is recognized as of the beginning of the first period presented, with the offsetting adjustment to shareholders' equity. Accordingly, in the accompanying consolidated balance sheet as of December 31, 2008, we recognized a reduction in long-term debt of \$11.0 million, an increase in deferred income taxes, net of \$3.9 million, an increase in capital surplus of \$15.0 million, and an increase in retained deficit of \$7.9 million. Adoption of the FSP also resulted in the recognition of additional interest expense of \$0.8 million in the accompanying statements of consolidated operations for each of the three month periods ended June 30, 2009 and 2008 and \$1.6 million for each of the six month periods ended June 30, 2009 and 2008.

Fair Value Measurement

Based on the quoted market prices for the USF senior notes due 2010, contingent convertible senior notes and industrial development bonds (level two inputs for fair value measurements as defined in SFAS No. 157, "Fair Value Measurements"), the fair value of fixed-rate debt at June 30, 2009 and December 31, 2008, was approximately \$159.1 million and \$212.7 million, respectively. The carrying amount of such fixed-rate debt at June 30, 2009 and December 31, 2008, was \$536.4 million and \$537.7 million, respectively.

7. Restructuring and Reorganization

During the first half of 2009, we closed 18 service centers that were previously a part of the Regional Transportation networks. As a part of this action, we incurred certain restructuring charges of approximately \$7.9 million consisting of employee severance, lease cancellations and other incremental costs. Also during the first half of 2009, we integrated our Yellow Transportation and Roadway networks into a single transportation network branded “YRC”. We incurred additional severance costs of \$29.0 million, including \$20.5 million in the National Transportation segment as we reduced headcount in response to both the YRC integration and lower volumes. Our National Transportation segment also recorded a \$15.4 million charge consisting of contract and lease cancellations related to the YRC integration. Finally, our YRC Logistics segment recorded \$5.0 million of severance and lease cancellation costs primarily in response to lower business levels.

We assess the accrual requirements under our restructuring efforts at the end of each reporting period. A rollforward of the restructuring accrual is set forth below:

(in millions)	Employee Separation	Contract Termination and Other Costs	Total
Balance at December 31, 2008	\$ 6.2	\$ 4.6	\$ 10.8
Restructuring charges	35.5	21.8	57.3
Payments	(22.4)	(4.4)	(26.8)
Balance at June 30, 2009	<u>\$ 19.3</u>	<u>\$ 22.0</u>	<u>\$ 41.3</u>

8. Employee Benefits

Components of Net Periodic Pension and Other Postretirement Cost

The following table sets forth the components of our company-sponsored pension costs for the three and six months ended June 30:

(in millions)	Three Months		Six Months	
	2009	2008	2009	2008
Service cost	\$ 0.8	\$ 8.9	\$ 1.6	\$ 17.8
Interest cost	15.2	17.1	30.5	34.2
Expected return on plan assets	(13.1)	(18.4)	(27.1)	(36.8)
Amortization of prior service cost	—	0.3	—	0.6
Amortization of net loss	0.7	0.5	1.6	1.0
Net periodic pension cost	<u>\$ 3.6</u>	<u>\$ 8.4</u>	<u>\$ 6.6</u>	<u>\$ 16.8</u>
Settlement cost	0.8	—	5.8	—
Total periodic pension cost	<u>\$ 4.4</u>	<u>\$ 8.4</u>	<u>\$ 12.4</u>	<u>\$ 16.8</u>

We expect to contribute \$2.6 million to our pension plans in 2009.

In June 2008, we amended our postretirement healthcare benefit plan eliminating all cost sharing benefits. The following table sets forth the components of our other postretirement costs for the three and six months ended June 30:

(in millions)	Three Months		Six Months	
	2009	2008	2009	2008
Service cost	\$—	\$ 0.1	\$—	\$ 0.2
Interest cost	—	0.4	—	0.8
Amortization of prior service cost	—	—	—	0.1
Amortization of net (gain)	—	(0.3)	—	(0.6)
Other postretirement cost	<u>\$—</u>	<u>\$ 0.2</u>	<u>\$—</u>	<u>\$ 0.5</u>
Curtailment gain	—	(34.5)	—	(34.5)
Total other postretirement cost	<u>\$—</u>	<u>\$(34.3)</u>	<u>\$—</u>	<u>\$(34.0)</u>

Curtailment and Settlement Events

In 2008, we curtailed our defined benefit plans that cover approximately 14,000 employees not covered by collective bargaining agreements. As a result of this action, the service cost for the pension plans was reduced in 2009 as compared to 2008. During the first half of 2009, lump sum benefit payments increased over the prior period and coupled with the reduced service cost resulted in settlement charges of \$0.8 million and \$5.8 million during the three and six months ended June 30, 2009, respectively. These amounts are included in “Salaries, wages and employees’ benefits” in the accompanying statements of operations.

9. Stock-Based Compensation

On January 2, 2009, we awarded our non-union employees options to purchase up to an aggregate of 5.3 million shares of our common stock at an exercise price equal to \$3.34 per share. The options will vest at the rate of 25% per year and will expire in 10 years. The options were granted subject to shareholder approval, which was received on May 14, 2009 at our annual shareholder meeting.

On January 2, 2009, we also adopted a Non-Union Employee Stock Appreciation Right (“SAR”) Plan that awarded up to 5.3 million cash settled SARs. These SARs terminated on May 14, 2009, upon the shareholder approval of the Non-Union Employee Option Plan discussed above.

The fair value of each option award was estimated on the date the grant was approved by shareholders using the Black-Scholes-Merton pricing model. Expected volatilities were estimated using historical volatility of our common stock. We used historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior were considered separately for valuation purposes. The expected term of options granted was derived from the output of the valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

We valued the award granted under the Non-Union Employee Option Plan in 2009 using the above described model with the following weighted average assumptions:

	<u>2009</u>
Dividend yield	— %
Expected volatility	88.3%
Risk-free interest rate	1.6%
Expected life (years)	4
Fair value per option	\$2.06

Based on the above fair value calculation, we recognized compensation expense of \$1.0 million related to these outstanding stock option awards for the six months ended June 30, 2009 which is included in “Salaries, wages and employees’ benefits” in our accompanying statement of consolidated operations. Compensation expense will continue to be recognized ratably over the vesting period.

On February 12, 2009, we formalized a Union Employee Option Plan that provides for a grant of up to 11.4 million options to purchase our common stock at an exercise price equal to \$3.74 per share. As a part of the union wage reduction, we agreed to award a certain equity interest to all effected union employees. These options vested immediately and are exercisable after a twelve month period beginning for a substantial majority of options in February 2009. These options were granted subject to shareholder approval, which was received on May 14, 2009 at our annual shareholder meeting.

On February 12, 2009, we also formalized the Union Employee Stock Appreciation Right Plan that provided for a grant of up to 11.4 million cash settled SARs. These SARs terminated on May 14, 2009, upon the shareholder approval of the Union Employee Option Plan discussed above.

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We valued the award granted under the Union Employee Option Plan in 2009 using the above described model with the following weighted average assumptions:

	<u>2009</u>
Dividend yield	— %
Expected volatility	120.6%
Risk-free interest rate	0.9%
Expected life (years)	2
Fair value per option	\$ 1.91

As of June 30, 2009, only 10.8 million stock options of the 11.4 million available had been distributed; accordingly, we recognized expense only on the outstanding stock options. This expense was recognized on the grant date as the options vested immediately versus over a period of time. Based on the fair value calculation above, we recognized compensation expense of \$20.6 million related to these outstanding stock option awards for the six months ended June 30, 2009, which is included in “Salaries, wages and employees’ benefits” in our accompanying statement of consolidated operations.

In August 2009, we agreed to establish an additional stock option plan (the “New Stock Option Plan”) for our union employees that provides for a grant of 20% of our outstanding shares on a fully diluted basis. These options will have similar terms to those awarded under the Union Employee Option Plan formalized in February 2009, including immediate vesting and exercisable after a twelve month period beginning generally in August 2009. These options are subject to certain conditions of acceptance between the Company and the union and, subject to shareholder approval as a part of our annual shareholder meeting that traditionally occurs in May. If such acceptance and approval is not obtained, the options automatically terminate and an equal number of stock appreciate rights will be issued.

10. Income Taxes

Effective Tax Rate

Our effective tax rate for the three and six months ended June 30, 2009 was 16.2% and 25.6%, respectively, compared to 34.0% and 36.1% for the three and six months ended June 30, 2008, respectively. Significant items impacting the 2009 rate include a state tax benefit, certain permanent items and a valuation allowance established for the net deferred tax asset balance projected for December 31, 2009. We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we believe that some or all of our deferred tax assets will not be realized. Changes in valuation allowances are included in our tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior years’ earnings history, expected future earnings, loss carry-back and carry-forward periods, reversals of existing deferred tax liabilities and tax planning strategies that potentially enhance the likelihood of the realization of a deferred tax asset.

Uncertain Tax Positions

In 2008, the Company established for 2008 a reserve of approximately \$115.5 million relative to YRC Assurance Company, Ltd. (the Captive). In 2009, the ongoing dissolution of the Captive has caused the uncertain tax position for 2008 to be reversed, thereby offsetting the reserve established for 2008. Total liabilities for unrecognized tax benefits were \$83.9 million and \$199.8 million at June 30, 2009 and December 31, 2008, respectively. Amounts recorded for unrecognized tax benefits are included in “Other current and accrued liabilities” in the accompanying balance sheets.

11. Earnings (Loss) Per Share

Dilutive securities, consisting of options to purchase our common stock or rights to receive common stock in the future, are included in our calculation of diluted weighted average common shares and dilutive securities related to our net share settle contingent convertible notes are also included in our calculation of diluted weighted average common shares; however, due to our net loss position for the three and six months ended June 30, 2009 and for the six months ended June 30, 2008 there are no dilutive securities for these periods. For the three months ended June 30, 2008, there were 894,000 dilutive securities consisting of options to purchase our common stock or rights to receive common stock in the future and 177,000 dilutive securities related to our net share settle contingent convertible notes.

Antidilutive options and share units were 17,510,000 for the three and six months ended June 30, 2009, and 1,293,000 and 2,418,000 for the three and six months ended June 30, 2008, respectively. Antidilutive convertible senior note conversion shares were 177,000 for the three and six months ended June 30, 2009 and for the six months ended June 30, 2008.

12. Business Segments

We report financial and descriptive information about our reportable operating segments on a basis consistent with that used internally for evaluating segment performance and allocating resources to segments. We evaluate performance primarily on operating income and return on committed capital.

We have four reportable segments, which are strategic business units that offer complementary transportation services to their customers. National Transportation includes carriers that provide comprehensive regional, national and international transportation services. Regional Transportation is comprised of carriers that focus primarily on business opportunities in the regional and next-day delivery markets. YRC Logistics provides domestic and international freight forwarding, warehousing and cross-dock services, multi-modal brokerage services, and transportation management services. Truckload consists of Glen Moore, a domestic truckload carrier.

The accounting policies of the segments are the same as those described in the Summary of Accounting Policies note in our Annual Report on Form 10-K for the year ended December 31, 2008. We charge management fees and other corporate services to our segments based on the direct benefits received or as a percentage of revenue. Corporate and other operating losses represent residual operating expenses of the holding company, including compensation and benefits and professional services for all periods presented. Corporate identifiable assets primarily refer to cash, cash equivalents, investments in equity method affiliates and deferred debt issuance costs. Intersegment revenue primarily relates to transportation services between our segments.

The following table summarizes our operations by business segment:

<u>(in millions)</u>	<u>National Transportation</u>	<u>Regional Transportation</u>	<u>YRC Logistics</u>	<u>Truckload</u>	<u>Corporate/ Eliminations</u>	<u>Consolidated</u>
As of June 30, 2009						
Identifiable assets	\$ 2,047.2	\$ 1,148.8	\$ 172.0	\$ 68.3	\$ (18.0)	\$ 3,418.3
As of December 31, 2008						
Identifiable assets	2,362.6	1,207.8	229.3	71.4	95.0	3,966.1
Three months ended June 30, 2009						
External revenue	873.7	337.9	99.0	17.5	—	1,328.1
Intersegment revenue	—	—	2.8	10.0	(12.8)	—
Operating income (loss)	(239.5)	(48.3)	(8.0)	(2.4)	(1.5)	(299.7)
Equity investment impairment	—	—	30.4	—	—	30.4
Three months ended June 30, 2008						
External revenue	1,692.2	533.4	150.4	22.7	—	2,398.7
Intersegment revenue	0.6	0.2	9.4	8.8	(19.0)	—
Operating income (loss)	74.6	2.1	1.9	(3.9)	(3.4)	71.3
Six months ended June 30, 2009						
External revenue	1,896.3	692.8	207.9	33.9	—	2,830.9
Intersegment revenue	—	0.2	6.0	19.6	(25.8)	—
Operating income (loss)	(539.2)	(122.5)	(11.4)	(4.6)	(1.3)	(679.0)
Equity investment impairment	—	—	30.4	—	—	30.4
Six months ended June 30, 2008						
External revenue	3,251.4	1,045.8	291.0	43.1	—	4,631.3
Intersegment revenue	1.3	0.2	18.6	14.0	(34.1)	—
Operating income (loss)	67.3	(35.5)	0.8	(9.0)	(5.8)	17.8

13. Comprehensive Income (Loss)

Comprehensive income (loss) for the three and six months ended June 30 follows:

(in millions)	Three Months		Six Months	
	2009	2008	2009	2008
Net income (loss)	\$(309.0)	\$35.8	\$(582.8)	\$(10.6)
Other comprehensive income, net of tax:				
Pension:				
Net prior service cost	—	0.2	—	0.4
Net actuarial gains	0.4	0.2	1.0	0.4
Curtailment adjustment	—	(3.2)	—	(3.2)
Changes in foreign currency translation adjustments	3.8	0.9	3.5	(0.3)
Other comprehensive income (loss)	4.2	(1.9)	4.5	(2.7)
Comprehensive income (loss)	<u>\$(304.8)</u>	<u>\$33.9</u>	<u>\$(578.3)</u>	<u>\$(13.3)</u>

14. Commitments and Contingencies

Asset Backed Securitization Facility

In February 2009, we renewed and amended our ABS Facility. In connection with the renewal, the Company paid fees to the consenting bank parties of \$3.8 million. An additional fee of approximately \$10.0 million will become due September 30, 2009, if the ABS Facility has not been terminated by such date or the Company does not have a corporate credit rating of B/B2 or better from Standard & Poor's ("S&P") and Moody's Investors Service, Inc. ("Moody's"), respectively, by such date. The Company's corporate credit ratings from S&P and Moody's are currently CCC/Caa3, respectively.

Shanghai Jiayu Logistics Co., Ltd.

On August 19, 2008, we completed the purchase of a 65% equity interest in Shanghai Jiayu Logistics Co., Ltd. ("Jiayu"), a Shanghai, China ground transportation company with a purchase price of \$53.6 million including transaction costs and final working capital settlement amounts of \$5.8 million. Based on the 2008 results of Jiayu, we have the option to purchase the remaining 35% of the shares of Jiayu for approximately \$14 million. Any additional payment will be made in Chinese Yuan, and their estimated U.S. dollar equivalents are provided herein.

Class Action Lawsuit

On July 30, 2007, Farm Water Technological Services, Inc. d/b/a Water Tech, and C.B.J.T. d/b/a Agricultural Supply, on behalf of themselves and other plaintiffs, filed a putative class action lawsuit against the Company and 10 other companies engaged in the LTL trucking business in the United States District Court for the Southern District of California. Other plaintiffs filed similar cases in various courts across the nation, and in December 2007, the courts consolidated these cases in the United States District Court for the Northern District of Georgia. The plaintiffs alleged that the defendants, including the Company, conspired to fix fuel surcharges in violation of federal antitrust law and sought unspecified treble damages, injunctive relief, attorneys' fees and costs of litigation. In March 2009, the court dismissed the plaintiffs' cases with prejudice.

15. Recent Accounting Pronouncements

In December 2008, the Financial Accounting Standards Board (FASB) issued Staff Position No. FAS 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets, effective for fiscal years ending after December 15, 2009. This FASB Staff Position (FSP) amends FASB Statement No. 132 (revised 2003); Employers' Disclosures about Pensions and Other Postretirement Benefits, to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. We will adopt this FSP and include the required disclosures beginning with our December 31, 2009 Form 10-K.

In April 2009, the FASB issued Staff Position No. FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, effective for interim reporting periods ending after June 15, 2009. This FSP amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. We adopted this FSP and included the required disclosures beginning with this June 30, 2009 Form 10-Q.

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In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165 (SFAS 165), Subsequent Events, effective for interim and annual financial reporting periods ending after June 15, 2009. SFAS 165 establishes accounting and disclosure requirements related to subsequent events and requires companies to disclose the date through which subsequent events have been evaluated. We adopted SFAS 165 beginning with this June 30, 2009 Form 10-Q and included all necessary disclosures herein. Subsequent events have been evaluated up to the filing of this Form 10-Q, the date financial statements were issued.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168 (SFAS 168), The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162, effective for interim and annual reporting periods ending after September 15, 2009. SFAS 168 replaces SFAS 162 and establishes the FASB Accounting Standards Codification™ (Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States. The Codification identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws remain sources of authoritative GAAP for SEC registrants. We will adopt SFAS 168 and reference authoritative accounting principles using the Codification beginning with our September 30, 2009 Form 10-Q. The adoption of this standard will not change existing GAAP that is applicable to the Company.

16. Guarantees of the Contingent Convertible Senior Notes

In August 2003, YRC Worldwide issued 5.0% contingent convertible senior notes due 2023. In November 2003, we issued 3.375% contingent convertible senior notes due 2023. In December 2004, we completed exchange offers pursuant to which holders of the contingent convertible senior notes could exchange their notes for an equal amount of net share settled contingent convertible senior notes. Substantially all notes were exchanged as part of the exchange offers. In connection with the net share settled contingent convertible senior notes, the following 100% owned subsidiaries of YRC Worldwide have issued guarantees in favor of the holders of the net share settled contingent convertible senior notes: YRC Inc., YRC Worldwide Technologies, Inc., YRC Logistics, Inc., YRC Logistics Global, LLC, Globe.com Lines, Inc., Roadway LLC and Roadway Next Day Corporation. Each of the guarantees is full and unconditional and joint and several.

The condensed consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantors and issuer because management does not believe that separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of YRC Worldwide or any guarantor to obtain funds from its subsidiaries by dividend or loan.

The following represents condensed consolidating financial information as of June 30, 2009 and December 31, 2008 with respect to the financial position and for the three and six months ended June 30, 2009 and 2008 for results of operations and for the six months ended June 30, 2009 and 2008 for the statements of cash flows of YRC Worldwide and its subsidiaries. The Parent column presents the financial information of YRC Worldwide, the primary obligor of the contingent convertible senior notes. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the net share settled contingent convertible senior notes. The Non-Guarantor Subsidiaries column presents the financial information of all non-guarantor subsidiaries, including those subsidiaries that are governed by foreign laws and Yellow Roadway Receivables Funding Corporation, the special-purpose entity that is associated with our ABS agreement.

Condensed Consolidating Balance Sheets

June 30, 2009 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 121	\$ 11	\$ 33	\$ —	\$ 165
Intercompany advances receivable	—	(68)	68	—	—
Accounts receivable, net	8	2	665	(5)	670
Prepaid expenses and other	24	101	72	—	197
Total current assets	153	46	838	(5)	1,032
Property and equipment	—	2,821	1,058	—	3,879
Less – accumulated depreciation	—	(1,494)	(322)	—	(1,816)
Net property and equipment	—	1,327	736	—	2,063
Investment in subsidiaries	2,959	(560)	203	(2,602)	—
Receivable from affiliate	(145)	35	110	—	—
Intangibles and other assets	313	194	166	(350)	323
Total assets	<u>\$3,280</u>	<u>\$ 1,042</u>	<u>\$ 2,053</u>	<u>\$ (2,957)</u>	<u>\$ 3,418</u>
Intercompany advances payable	\$ 570	\$ (206)	\$ (161)	\$ (203)	\$ —
Accounts payable	36	136	81	(2)	251
Wages, vacations and employees' benefits	24	210	81	—	315
Other current and accrued liabilities	173	156	63	—	392
Current maturities of long-term debt	406	6	358	—	770
Total current liabilities	1,209	302	422	(205)	1,728
Payable to affiliate	(41)	(34)	225	(150)	—
Long-term debt, less current portion	833	—	—	—	833
Deferred income taxes, net	(142)	144	125	—	127
Pension and postretirement	381	—	—	—	381
Claims and other liabilities	404	8	11	—	423
Commitments and contingencies					
Shareholders' equity (deficit)	636	622	1,270	(2,602)	(74)
Total liabilities and shareholders' equity (deficit)	<u>\$3,280</u>	<u>\$ 1,042</u>	<u>\$ 2,053</u>	<u>\$ (2,957)</u>	<u>\$ 3,418</u>

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December 31, 2008
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 295	\$ 9	\$ 21	\$ —	\$ 325
Intercompany advances receivable	—	(71)	71	—	—
Accounts receivable, net	2	(16)	858	(7)	837
Prepaid expenses and other	25	203	70	—	298
Total current assets	322	125	1,020	(7)	1,460
Property and equipment	—	2,914	1,064	—	3,978
Less – accumulated depreciation	—	(1,492)	(285)	—	(1,777)
Net property and equipment	—	1,422	779	—	2,201
Investment in subsidiaries	3,377	93	203	(3,673)	—
Receivable from affiliate	(712)	321	391	—	—
Intangibles and other assets	268	200	188	(351)	305
Total assets	<u>\$ 3,255</u>	<u>\$ 2,161</u>	<u>\$ 2,581</u>	<u>\$ (4,031)</u>	<u>\$ 3,966</u>
Intercompany advances payable	\$ 283	\$ (105)	\$ 25	\$ (203)	\$ —
Accounts payable	11	244	80	(1)	334
Wages, vacations and employees' benefits	20	242	95	—	357
Other current and accrued liabilities	56	157	279	(2)	490
Current maturities of long-term debt	414	1	147	—	562
Total current liabilities	784	539	626	(206)	1,743
Payable to affiliate	(47)	(23)	221	(151)	—
Long-term debt, less current portion	626	6	155	—	787
Deferred income taxes, net	20	199	24	—	243
Pension and postretirement	370	—	—	—	370
Claims and other liabilities	94	2	246	—	342
Commitments and contingencies	—	—	—	—	—
Shareholders' equity	1,408	1,438	1,309	(3,674)	481
Total liabilities and shareholders' equity	<u>\$ 3,255</u>	<u>\$ 2,161</u>	<u>\$ 2,581</u>	<u>\$ (4,031)</u>	<u>\$ 3,966</u>

Condensed Consolidating Statements of Operations

For the three months ended June 30, 2009
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 855	\$ 486	\$ (13)	\$ 1,328
Operating expenses:					
Salaries, wages and employees' benefits	8	662	342	—	1,012
Operating expenses and supplies	(8)	216	103	(1)	310
Purchased transportation	—	123	54	(13)	164
Depreciation and amortization	—	41	24	—	65
Other operating expenses	—	52	26	—	78
(Gains) losses on property disposals, net	—	(2)	1	—	(1)
Reorganization and settlements	—	—	—	—	—
Total operating expenses	—	1,092	550	(14)	1,628
Operating income (loss)	—	(237)	(64)	1	(300)
Nonoperating (income) expenses:					
Interest expense	26	2	11	—	39
Equity investment impairment	—	—	30	—	30
Other, net	15	8	(24)	1	—
Nonoperating (income) expenses, net	41	10	17	1	69
Income (loss) before income taxes	(41)	(247)	(81)	—	(369)
Income tax provision (benefit)	(61)	(2)	3	—	(60)
Net income (loss)	<u>\$ 20</u>	<u>\$ (245)</u>	<u>\$ (84)</u>	<u>\$ —</u>	<u>\$ (309)</u>

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For the three months ended June 30, 2008
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 1,670	\$ 739	\$ (10)	\$ 2,399
Operating expenses:					
Salaries, wages and employees' benefits	8	880	444	—	1,332
Operating expenses and supplies	(5)	367	177	—	539
Purchased transportation	—	204	88	(10)	282
Depreciation and amortization	—	40	24	—	64
Other operating expenses	—	77	29	—	106
Losses on property disposals, net	—	3	—	—	3
Reorganization and settlements	—	—	2	—	2
Total operating expenses	3	1,571	764	(10)	2,328
Operating income (loss)	(3)	99	(25)	—	71
Nonoperating (income) expenses:					
Interest expense	9	4	6	—	19
Other, net	3	80	(85)	—	(2)
Nonoperating (income) expenses, net	12	84	(79)	—	17
Income (loss) before income taxes	(15)	15	54	—	54
Income tax provision (benefit)	19	(1)	1	—	19
Net income (loss)	\$ (34)	\$ 16	\$ 53	\$ —	\$ 35

For the six months ended June 30, 2009
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 1,866	\$ 991	\$ (26)	\$ 2,831
Operating expenses:					
Salaries, wages and employees' benefits	19	1,448	712	—	2,179
Operating expenses and supplies	(19)	486	211	(1)	677
Purchased transportation	—	253	112	(26)	339
Depreciation and amortization	—	84	47	—	131
Other operating expenses	1	119	63	—	183
Losses on property disposals, net	—	—	1	—	1
Reorganization and settlements	—	—	—	—	—
Total operating expenses	1	2,390	1,146	(27)	3,510
Operating income (loss)	(1)	(524)	(155)	1	(679)
Nonoperating (income) expenses:					
Interest expense	48	3	20	—	71
Equity investment impairment	—	—	30	—	30
Other, net	17	(9)	(5)	1	4
Nonoperating (income) expenses, net	65	(6)	45	1	105
Income (loss) before income taxes	(66)	(518)	(200)	—	(784)
Income tax provision (benefit)	(202)	(2)	3	—	(201)
Net income (loss)	\$ 136	\$ (516)	\$ (203)	\$ —	\$ (583)

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For the six months ended June 30, 2008
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 3,210	\$ 1,442	\$ (20)	\$ 4,632
Operating expenses:					
Salaries, wages and employees' benefits	17	1,775	893	—	2,685
Operating expenses and supplies	(10)	695	340	—	1,025
Purchased transportation	—	385	171	(20)	536
Depreciation and amortization	—	78	49	—	127
Other operating expenses	—	150	69	—	219
Losses on property disposals, net	—	4	3	—	7
Reorganization and settlements	—	2	13	—	15
Total operating expenses	7	3,089	1,538	(20)	4,614
Operating income (loss)	(7)	121	(96)	—	18
Nonoperating (income) expenses:					
Interest expense	17	9	13	—	39
Other, net	10	104	(118)	—	(4)
Nonoperating (income) expenses, net	27	113	(105)	—	35
Income (loss) before income taxes	(34)	8	9	—	(17)
Income tax provision (benefit)	(6)	(1)	1	—	(6)
Net income (loss)	\$ (28)	\$ 9	\$ 8	\$ —	\$ (11)

Condensed Consolidating Statements of Cash Flows

For the six months ended June 30, 2009
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	\$ 94	\$ (139)	\$ (197)	\$ —	\$ (242)
Investing activities:					
Acquisition of property and equipment	—	(22)	(4)	—	(26)
Proceeds from disposal of property and equipment	—	36	1	—	37
Other	—	—	—	—	—
Net cash provided by (used in) investing activities	—	14	(3)	—	11
Financing activities:					
Asset backed securitization borrowings, net	—	—	58	—	58
Borrowing of long-term debt, net	62	(1)	—	—	61
Debt issuance costs	(37)	—	(11)	—	(48)
Intercompany advances / repayments	(293)	128	165	—	—
Net cash provided by (used in) financing activities	(268)	127	212	—	71
Net increase (decrease) in cash and cash equivalents	(174)	2	12	—	(160)
Cash and cash equivalents, beginning of period	295	9	21	—	325
Cash and cash equivalents, end of period	\$ 121	\$ 11	\$ 33	\$ —	\$ 165

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For the six months ended June 30, 2008
(in millions)

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating activities:					
Net cash provided by operating activities	\$ 27	\$ 52	\$ 31	\$ —	\$ 110
Investing activities:					
Acquisition of property and equipment	—	(47)	(30)	—	(77)
Proceeds from disposal of property and equipment	—	—	11	—	11
Other	—	—	(4)	—	(4)
Net cash used in investing activities	—	(47)	(23)	—	(70)
Financing activities:					
Asset backed securitization borrowings, net	—	—	(40)	—	(40)
Borrowing of long-term debt, net	4	—	2	—	6
Debt issuance costs	(3)	—	—	—	(3)
Intercompany advances / repayments	(29)	(5)	34	—	—
Net cash used in financing activities	(28)	(5)	(4)	—	(37)
Net increase (decrease) in cash and cash equivalents	(1)	—	4	—	3
Cash and cash equivalents, beginning of period	26	15	17	—	58
Cash and cash equivalents, end of period	<u>\$ 25</u>	<u>\$ 15</u>	<u>\$ 21</u>	<u>\$ —</u>	<u>\$ 61</u>

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17. Guarantees of the Senior Notes Due 2010

In connection with the senior notes due 2010 that Regional Transportation assumed by virtue of the Company's acquisition of USF Corporation, YRC Worldwide and its following 100% owned subsidiaries have issued guarantees in favor of the holders of the senior notes due 2010: USF Sales Corporation, USF Holland Inc., USF Reddaway Inc., USF Glen Moore Inc., YRC Logistics Services, Inc., and IMUA Handling Corporation. Each of the guarantees is full and unconditional and joint and several.

The condensed consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantors and issuer because management does not believe that such separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of YRC Worldwide or any guarantor subsidiary to obtain funds from its subsidiaries by dividend or loan.

The following represents condensed consolidating financial information of YRC Worldwide and its subsidiaries as of June 30, 2009 and December 31, 2008 with respect to the financial position and for the three and six months ended June 30, 2009 and 2008 for results of operations and for the six months ended June 30, 2009 and 2008 for the statement of cash flows. The primary obligor column presents the financial information of Regional Transportation. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the senior notes due 2010, including YRC Worldwide. The Non-Guarantor Subsidiaries column presents the financial information of all non-guarantor subsidiaries, including those subsidiaries that are governed by foreign laws and Yellow Roadway Receivables Funding Corporation, the special-purpose entity that is associated with our ABS agreement.

Condensed Consolidating Balance Sheets

June 30, 2009 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ —	\$ 127	\$ 38	\$ —	\$ 165
Intercompany advances receivable, net	—	(6)	6	—	—
Accounts receivable, net	10	37	639	(16)	670
Prepaid expenses and other	(6)	104	99	—	197
Total current assets	4	262	782	(16)	1,032
Property and equipment	—	859	3,020	—	3,879
Less – accumulated depreciation	—	(239)	(1,577)	—	(1,816)
Net property and equipment	—	620	1,443	—	2,063
Investment in subsidiaries	218	2,957	4	(3,179)	—
Receivable from affiliate	398	(408)	10	—	—
Intangibles and other assets	59	320	295	(351)	323
Total assets	<u>\$ 679</u>	<u>\$ 3,751</u>	<u>\$ 2,534</u>	<u>\$ (3,546)</u>	<u>\$ 3,418</u>
Intercompany advances payable	\$ 65	\$ 456	\$ (321)	\$ (200)	\$ —
Accounts payable	8	78	178	(13)	251
Wages, vacations and employees' benefits	—	83	232	—	315
Other current and accrued liabilities	21	198	176	(3)	392
Current maturities of long-term debt	153	406	211	—	770
Total current liabilities	247	1,221	476	(216)	1,728
Payable to affiliate	—	32	119	(151)	—
Long-term debt, less current portion	—	833	—	—	833
Deferred income taxes, net	18	(40)	149	—	127
Pension and postretirement	—	381	—	—	381
Claims and other liabilities	1	405	17	—	423
Commitments and contingencies	—	—	—	—	—
Shareholders' equity (deficit)	413	919	1,773	(3,179)	(74)
Total liabilities and shareholders' equity (deficit)	<u>\$ 679</u>	<u>\$ 3,751</u>	<u>\$ 2,534</u>	<u>\$ (3,546)</u>	<u>\$ 3,418</u>

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December 31, 2008 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantors	Eliminations	Consolidated
Cash and cash equivalents	\$ —	\$ 299	\$ 26	\$ —	\$ 325
Intercompany advances receivable	—	(7)	7	—	—
Accounts receivable, net	—	5	846	(14)	837
Prepaid expenses and other	(6)	110	194	—	298
Total current assets	(6)	407	1,073	(14)	1,460
Property and equipment	—	869	3,109	—	3,978
Less – accumulated depreciation	—	(212)	(1,565)	—	(1,777)
Net property and equipment	—	657	1,544	—	2,201
Investment in subsidiaries	218	3,376	8	(3,602)	—
Receivable from affiliate	392	(912)	520	—	—
Intangibles and other assets	64	273	319	(351)	305
Total assets	<u>\$ 668</u>	<u>\$ 3,801</u>	<u>\$ 3,464</u>	<u>\$ (3,967)</u>	<u>\$ 3,966</u>
Intercompany advances payable	\$ 65	\$ 181	\$ (46)	\$ (200)	\$ —
Accounts payable	5	49	288	(8)	334
Wages, vacations and employees' benefits	—	94	263	—	357
Other current and accrued liabilities	21	81	393	(5)	490
Current maturities of long-term debt	—	414	148	—	562
Total current liabilities	91	819	1,046	(213)	1,743
Payable to affiliate	—	26	125	(151)	—
Long-term debt, less current portion	155	626	6	—	787
Deferred income taxes, net	18	129	96	—	243
Pension and postretirement	—	370	—	—	370
Claims and other liabilities	1	98	243	—	342
Commitments and contingencies	—	—	—	—	—
Shareholders' equity	403	1,733	1,948	(3,603)	481
Total liabilities and shareholders' equity	<u>\$ 668</u>	<u>\$ 3,801</u>	<u>\$ 3,464</u>	<u>\$ (3,967)</u>	<u>\$ 3,966</u>

Condensed Consolidating Statements of Operations

For the three months ended June 30, 2009 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 349	\$ 993	\$ (14)	\$ 1,328
Operating expenses:	—	—	—	—	—
Salaries, wages and employees' benefits	—	260	752	—	1,012
Operating expenses and supplies	—	86	225	(1)	310
Purchased transportation	—	16	162	(14)	164
Depreciation and amortization	—	19	46	—	65
Other operating expenses	—	22	56	—	78
Gains on property disposals, net	—	—	(1)	—	(1)
Reorganization and settlements	—	—	—	—	—
Total operating expenses	—	403	1,240	(15)	1,628
Operating income (loss)	—	(54)	(247)	1	(300)
Nonoperating (income) expenses:	—	—	—	—	—
Interest expense	2	26	11	—	39
Equity investment impairment	—	—	30	—	30
Other, net	(13)	24	(12)	1	—
Nonoperating (income) expenses, net	(11)	50	29	1	69
Income (loss) before income taxes	11	(104)	(276)	—	(369)
Income tax benefit	—	(60)	—	—	(60)
Net income (loss)	<u>\$ 11</u>	<u>\$ (44)</u>	<u>\$ (276)</u>	<u>\$ —</u>	<u>\$ (309)</u>

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For the three months ended June 30, 2008 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 547	\$ 1,862	\$ (10)	\$ 2,399
Operating expenses:					
Salaries, wages and employees' benefits	2	314	1,016	—	1,332
Operating expenses and supplies	(3)	168	375	(1)	539
Purchased transportation	—	23	269	(10)	282
Depreciation and amortization	2	17	45	—	64
Other operating expenses	—	25	81	—	106
Losses on property disposals, net	1	—	2	—	3
Reorganization and settlements	(1)	2	1	—	2
Total operating expenses	1	549	1,789	(11)	2,328
Operating income (loss)	(1)	(2)	73	1	71
Nonoperating (income) expenses:					
Interest expense	3	9	7	—	19
Other, net	(7)	30	(26)	1	(2)
Nonoperating (income) expenses, net	(4)	39	(19)	1	17
Income (loss) before income taxes	3	(41)	92	—	54
Income tax provision	—	19	—	—	19
Net income (loss)	\$ 3	\$ (60)	\$ 92	\$ —	\$ 35
For the six months ended June 30, 2009 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 718	\$ 2,133	\$ (20)	\$ 2,831
Operating expenses:					
Salaries, wages and employees' benefits	—	544	1,635	—	2,179
Operating expenses and supplies	—	179	499	(1)	677
Purchased transportation	—	26	333	(20)	339
Depreciation and amortization	—	37	94	—	131
Other operating expenses	—	55	128	—	183
Losses on property disposals, net	—	1	—	—	1
Reorganization and settlements	—	—	—	—	—
Total operating expenses	—	842	2,689	(21)	3,510
Operating income (loss)	—	(124)	(556)	1	(679)
Nonoperating (income) expenses:					
Interest expense	5	48	18	—	71
Equity investment impairment	—	—	30	—	30
Other, net	(16)	23	(4)	1	4
Nonoperating (income) expenses, net	(11)	71	44	1	105
Income (loss) before income taxes	11	(195)	(600)	—	(784)
Income tax benefit	—	(201)	—	—	(201)
Net income (loss)	\$ 11	\$ 6	\$ (600)	\$ —	\$ (583)

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For the six months ended June 30, 2008 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 1,077	\$ 3,575	\$ (20)	\$ 4,632
Operating expenses:					
Salaries, wages and employees' benefits	3	639	2,043	—	2,685
Operating expenses and supplies	(6)	324	708	(1)	1,025
Purchased transportation	—	50	506	(20)	536
Depreciation and amortization	4	35	88	—	127
Other operating expenses	—	60	159	—	219
Losses on property disposals, net	1	2	4	—	7
Reorganization and settlements	—	12	3	—	15
Total operating expenses	2	1,122	3,511	(21)	4,614
Operating income (loss)	(2)	(45)	64	1	18
Nonoperating (income) expenses:					
Interest expense	7	17	15	—	39
Other, net	(17)	51	(39)	1	(4)
Nonoperating (income) expenses, net	(10)	68	(24)	1	35
Income (loss) before income taxes	8	(113)	88	—	(17)
Income tax benefit	—	(6)	—	—	(6)
Net income (loss)	\$ 8	\$ (107)	\$ 88	\$ —	\$ (11)

Condensed Consolidating Statement of Cash Flows

For the six months ended June 30, 2009 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	\$ 9	\$ 59	\$ (310)	\$ —	\$ (242)
Investing activities:					
Acquisition of property and equipment	—	(4)	(22)	—	(26)
Proceeds from disposal of property and equipment	—	8	29	—	37
Other	—	—	—	—	—
Net cash provided by investing activities	—	4	7	—	11
Financing activities:					
Asset backed securitization borrowings, net	—	—	58	—	58
Borrowing of long-term debt	—	62	(1)	—	61
Debt issuance costs	—	(37)	(11)	—	(48)
Intercompany advances / repayments	(9)	(260)	269	—	—
Net cash provided by (used in) financing activities	(9)	(235)	315	—	71
Net increase (decrease) in cash and cash equivalents	—	(172)	12	—	(160)
Cash and cash equivalents, beginning of Period	—	299	26	—	325
Cash and cash equivalents, end of period	\$ —	\$ 127	\$ 38	\$ —	\$ 165

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For the six months ended June 30, 2008
(in millions)

	<u>Primary Obligor</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating activities:					
Net cash provided by (used in) operating activities	\$ 7	\$ (24)	\$ 127	\$ —	\$ 110
Investing activities:					
Acquisition of property and equipment	—	(24)	(53)	—	(77)
Proceeds from disposal of property and equipment	—	11	—	—	11
Other	—	—	(4)	—	(4)
Net cash used in investing activities	—	(13)	(57)	—	(70)
Financing activities:					
Asset backed securitization borrowings, net	—	—	(40)	—	(40)
Borrowing of long-term debt	—	4	2	—	6
Debt issuance costs	—	(3)	—	—	(3)
Intercompany advances / repayments	(7)	36	(29)	—	—
Net cash provided by (used in) financing activities	(7)	37	(67)	—	(37)
Net increase in cash and cash equivalents	—	—	3	—	3
Cash and cash equivalents, beginning of Period	—	29	29	—	58
Cash and cash equivalents, end of period	\$ —	\$ 29	\$ 32	\$ —	\$ 61

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements of YRC Worldwide Inc. (also referred to as "YRC Worldwide", the "Company", "we" or "our"). MD&A and certain statements in the Notes to Consolidated Financial Statements include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (each a "forward-looking statement"). Forward-looking statements include those preceded by, followed by or include the words "should," "could," "would," "may," "expect," "believe," "estimate" or similar expressions. Our actual results could differ materially from those projected by these forward-looking statements due to a number of factors, including (without limitation), inflation, inclement weather, price and availability of fuel, sudden changes in the cost of fuel or the index upon which the Company bases its fuel surcharge, competitor pricing activity, expense volatility, including (without limitation) expense volatility due to changes in rail service or pricing for rail service, ability to capture cost reductions, including (without limitation) those cost reduction opportunities arising from the integration of the Company's Yellow Transportation and Roadway networks to become the YRC network, changes in equity and debt markets, a downturn in general or regional economic activity, effects of a terrorist attack, and labor relations, including (without limitation), the impact of work rules, work stoppages, strikes or other disruptions, any obligations to multi-employer health, welfare and pension plans, wage requirements and employee satisfaction and the risk factors that are from time to time included in our reports filed with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended December 31, 2008.

Results of Operations

This section focuses on the highlights and significant items that impacted our operating results during the second quarter. We have presented a discussion regarding the operating results of each of our four operating segments: National Transportation, Regional Transportation, YRC Logistics and Truckload.

Consolidated Results

Our consolidated results for the three and six months ended June 30, 2009 include the results of each of the operating segments discussed below and corporate expenses. A more detailed discussion of the operating results of our segments is presented below.

The table below provides summary consolidated financial information for the three and six months ended June 30:

<u>(in millions)</u>	<u>Three months</u>			<u>Six months</u>		
	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>
Operating revenue	\$1,328.1	\$2,398.7	(44.6)%	\$2,830.9	\$4,631.3	(38.9)%
Operating income (loss)	(299.7)	71.3	n/m	(679.0)	17.8	n/m
Nonoperating expenses, net	69.0	17.0	n/m	104.9	34.4	n/m
Net income (loss)	(309.0)	35.8	n/m	(582.8)	(10.6)	n/m ^(a)

(a) Not meaningful.

Three months ended June 30, 2009 compared to three months ended June 30, 2008

Our consolidated operating revenue decreased 44.6% during the three months ended June 30, 2009 versus the same period in 2008 due to decreased revenue at all of our operating companies. This decline is attributed to both declines in volume over the comparable prior year quarter and declines in yield or price. Our volumes were impacted by multiple factors, most notably the economy and business diversion due to customer concerns surrounding our financial stability. The declines in yield are a factor of excess capacity in the transportation sector resulting in increased competition for lower freight volumes. Additionally, revenue was also negatively impacted by lower fuel surcharge revenue in the three months ended June 30, 2009 as compared to the same period in 2008.

Consolidated operating revenue includes fuel surcharge revenue. Fuel surcharges are common throughout our industry and represent an amount that we charge to customers that adjusts with changing fuel prices. We base our fuel surcharges on a published national index and adjust them weekly. Rapid material changes in the index or our cost of fuel can positively or negatively impact our revenue and operating income versus prior periods as there is a lag in the Company's adjustment of base rates in response to changes in fuel surcharge. Fuel surcharge is an accepted and important component of the overall pricing of our services to our customers. Without an industry accepted fuel surcharge program, our base pricing for our transportation services would require changes. We believe the distinction between base rates and fuel surcharge has blurred over time, and it is impractical to clearly separate all the different factors that influence the price that our customers are willing to pay. In general, under our present fuel surcharge program, we believe rising fuel costs are beneficial to us and falling fuel costs are detrimental to us, in the short term.

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Consolidated operating loss increased significantly during the three months ended June 30, 2009 as compared to the operating income for the same period in 2008 and is reflective of decreased operating revenue at all of our operating companies. Significant volume declines within our National Transportation and Regional Transportation segments resulted in an operating loss of \$299.7 million for the second quarter of 2009, a significantly larger reduction from the prior year's comparable quarter operating income. Operating expenses for the 2009 quarter decreased \$699.7 million as compared to the same period in 2008 and were comprised of a \$319.8 million decrease in salaries, wages and benefits, a \$229.3 million decrease in operating expenses and supplies, a \$117.9 million decrease in purchased transportation, which is attributable to declining volumes and improved carrier pricing due to the depressed economy, and a \$27.3 million decrease in other operating expenses. These expense reductions however did not keep pace with the significant revenue decline resulting in the operating loss for the second quarter of 2009. Additionally, in 2008 the Company recorded reorganization and settlement charges of \$2.4 million primarily related to the closure of 27 service centers in our Regional Transportation segment. Similar closure costs occurred in 2009 within both National Transportation (primarily a result of the YRC integration) and Regional Transportation and are classified within the various expense captions as discussed below.

The decrease in salaries, wages and benefits in the second quarter of 2009 is largely due to a 10% wage reduction for most union and non-union employees resulting in approximately a \$72.1 million expense reduction in 2009 offset by increased workers' compensation expense of \$40.4 million due to unfavorable development of prior year claims and a higher frequency of claims in the current period. Additionally, the decrease in salaries and benefits is a result of lower headcount in the current year due to lower volumes and the YRC integration efforts. The decrease in operating expenses and supplies is a result of lower fuel costs of 69.8%, due to lower diesel prices and reduced miles driven, lower vehicle maintenance of 33.4% partially offset by an increase in bad debt expense of \$4.7 million or 50.3%, an increase in professional services of \$22.6 million or 88.5% related to additional financial advisory services and costs associated with lease terminations of \$12.5 million resulting from integration activities. Finally, the decrease in other operating expenses is due to the decrease in discretionary spend for travel and employee activities.

Our consolidated operating loss during the second quarter of 2009 was offset by \$1.0 million of net gains from the sale of property and equipment and the fair value adjustments for property held for sale versus \$3.1 million of losses for the same period in 2008.

Nonoperating expenses consisted primarily of interest expense which continued to increase significantly in the second quarter of 2009 over 2008. This increase is due to increased borrowings under our asset-backed securitization facility and credit facility as well as an increase in interest rates based on our amended credit facility terms all of which resulted in additional interest of \$14.3 million. The increase in interest expense is also attributable to increased net deferred debt cost amortization of \$5.3 million and additional interest related to our lease financing obligations of \$3.7 million and deferred pension obligations of \$1.4 million for the three months ended June 30, 2009. Offsetting these 2009 increases was the reduction in interest expense of \$4.9 million related to notes redeemed in November 2008. Nonoperating expenses in 2009 also included an impairment charge of \$30.4 million related to our equity investment in Jiayu. This adjustment was required as the estimated current fair value, using a discounted cash flow model, was less than our investment. This was primarily a result of updated assumptions in the current model reflecting current depressed economic conditions primarily related to lower revenue growth rates versus that used in similar models at the time of the investment.

Our effective tax rate for the three months ended June 30, 2009 was 16.2% compared to 34.0% for the three months ended June 30, 2008. Significant items impacting the 2009 rate include a state tax benefit, certain permanent items and a valuation allowance established for the net deferred tax asset balance projected for December 31, 2009. We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we believe that some or all of our deferred tax assets will not be realized. Changes in valuation allowances are included in our tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior years' earnings history, expected future earnings, loss carry-back and carry-forward periods, reversals of existing deferred tax liabilities and tax planning strategies that potentially enhance the likelihood of the realization of a deferred tax asset.

Six months ended June 30, 2009 compared to six months ended June 30, 2008

Consolidated operating revenue decreased by 38.9% during the six months ended June 30, 2009 as compared to the same period in 2008, which is reflective of decreased revenue at all of our operating companies. The decreased operating revenue is a result of lower volumes and yield across the operating companies as well as decreased fuel surcharge revenue.

Consolidated operating loss decreased significantly during the six months ended June 30, 2009 as compared to the operating income for the same period in 2008. Significant volume declines within our National Transportation and Regional Transportation segments resulted in an operating loss of \$679.0 million for the first half of 2009, a significantly larger operating loss from the prior year comparable period. Operating expenses for the first half of 2009 were down \$1,103.7 million as compared to the same period in 2008

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and were comprised of a \$505.9 million decrease in salaries, wages and benefits, a \$348.2 million decrease in operating expenses and supplies, a \$197.0 million decrease in purchased transportation, which is attributable to declining volumes and improved carrier pricing due to the depressed economy, and a \$35.3 million decrease in other operating expenses. These expense reductions however did not keep pace with the significant revenue decline resulting in the operating loss for the six months ended June 30, 2009. Additionally, in 2008 the Company recorded reorganization and settlement charges of \$15.2 million primarily related to the closure of 27 service centers in our Regional Transportation segment. Similar closure costs occurred in 2009 within both National Transportation (primarily a result of the YRC integration) and Regional Transportation and are classified within the various expense captions as discussed below.

The decrease in salaries, wages and benefits in the six months ended June 30, 2009, is largely due to a 10% wage reduction for most union and non-union employees resulting in approximately a \$162.1 million expense reduction in 2009 offset by increased workers' compensation expense of \$59.9 million due mostly to unfavorable development of prior year claims. Additionally, the decrease in salaries and benefits is a result of lower headcount in the current year due to lower volumes partially offset by increased severance benefits of \$31.8 million and pension settlement costs of \$5.8 million associated with one of our defined benefit plans. The decrease in operating expenses and supplies is a result of lower fuel costs of 64.8%, due to lower diesel prices and reduced miles driven, lower vehicle maintenance of 25.0% partially offset by an increase in bad debt expense of \$15.9 million or 88.8%, an increase in professional services of \$30.4 million or 64.1% and costs associated with lease terminations of \$21.8 million resulting from integration activities. Finally, the decrease in other operating expenses is due to the decrease in discretionary spend for travel and employee activities.

During the six months ended June 30, 2009, we recognized net losses on the sale of property and equipment and the fair value adjustments for property held for sale of \$0.6 million compared to losses of \$6.5 million for the same period in 2008.

Nonoperating expenses consisted primarily of interest expense and increased significantly for the six months ended June 30, 2009 versus the comparable period in 2008. Increased borrowings and increased borrowing costs in 2009 resulted in increased interest expense of \$24.5 million versus the comparable period in 2008. Interest expense in the six months ended June 30, 2009, attributable to items that were not incurred in 2008, included expense related to lease financing obligations of \$6.1 million and deferred pension obligations of \$1.7 million. Amortization of deferred debt costs increased \$9.1 million during the first half of 2009 compared to 2008. Offsetting these 2009 increases was the reduction in interest expense of \$9.7 million related to notes redeemed in November 2008. Nonoperating expenses in the six months ended June 30, 2009 also included an impairment charge of \$30.4 million related to our investment in Jiayu.

Our effective tax rate for the six months ended June 30, 2009 was 25.6% compared to 36.1% for the six months ended June 30, 2008. Significant items impacting the 2009 rate include a state tax benefit, certain permanent items and a valuation allowance established for the net deferred tax asset balance projected for December 31, 2009.

National Transportation Results

National Transportation represented approximately 66% and 71% of our consolidated revenue in the second quarter of 2009 and 2008, respectively, and approximately 67% and 70% of our consolidated revenue in the six months ended June 30, 2009 and 2008, respectively.

The table below provides summary financial information for National Transportation for the three and six months ended June 30:

(in millions)	Three Months			Six Months		
	2009	2008	Percent Change	2009	2008	Percent Change
Operating revenue	\$ 873.7	\$ 1,692.8	(48.4)%	\$ 1,896.3	\$ 3,252.7	(41.7)%
Operating income (loss)	(239.5)	74.6	n/m ^(a)	(539.2)	67.3	n/m
Operating ratio	127.4%	95.6%	31.8pp ^(b)	128.4%	97.9%	30.5pp

(a) Not meaningful.

(b) Percentage points.

Three months ended June 30, 2009 compared to three months ended June 30, 2008

National Transportation reported second quarter 2009 operating revenue of \$873.7 million, representing a decrease of \$819.1 million or 48.4% from the second quarter of 2008. The two primary components of operating revenue are volume, comprised of the number of shipments and the weight per shipment resulting in tonnage, and price, usually evaluated on a per hundred weight basis. The decline in operating revenue was largely driven by a 39.4% decline in picked up tonnage per day. The decline in picked up tonnage per day was made up of a 37.1% decline in shipments per day and a 3.7% decline in weight per shipment.

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The decline in shipments and tonnage resulted from a weakening economy and the diversion of freight by certain customers to other carriers. As the economy has continued to deteriorate, industry capacity is more readily available and market competition for available shipments has intensified. Additionally, we believe that certain customers diverted freight during the second quarter of 2009 due to perceived uncertainty around our financial stability.

The decline in operating revenue was impacted further by a 14.2% decline in revenue per hundred weight. The decline in revenue per hundred weight was mostly the result of lower fuel surcharge revenue and higher than normal revenue adjustments, primarily rerates, related to the transition to the integrated YRC National network. Lower fuel surcharge revenue is driven by substantially lower diesel fuel prices in the second quarter of 2009 as compared to the prior year period.

Operating loss for National Transportation was \$239.5 million in the second quarter of 2009 compared to operating income of \$74.6 million in the prior year period. Revenue was lower by \$819.1 million while total costs decreased by only \$505.0 million. The cost declines consisted primarily of lower salaries, wages and benefits of \$242.4 million, lower operating expenses and supplies of \$147.5 million, lower purchased transportation costs of \$83.6 million, and lower other operating expenses of \$24.2 million.

The decline in salaries, wages and benefits was due mostly to a decline in hourly wages and benefits of \$259.4 million or 30.0% partially offset by higher workers' compensation expense of \$23.9 million. The decline in salaries, wages and benefits resulted from lower volume and the 10% pay reduction which took effect in 2009 for most union and non-union employees. Those cost reductions were partially offset by higher costs associated with on-going contractual wage and benefit increases. The second quarter of 2008 also included a curtailment gain of \$34.5 million. The increase in workers' compensation expense was due mostly to unfavorable development of prior year claims and a higher rate for claims in the current year.

Operating expenses and supplies declined mostly due to lower volumes and a decrease in fuel costs. Fuel and oil costs were 73.6% lower than the prior year. This decline was partially offset by higher costs associated with continuing YRC integration efforts including facility closure costs and relocation costs. Additionally, bad debt expense increased \$6.7 million, or 103.8% in the second quarter of 2009 compared to the prior year period due to a continued increase of bankruptcies and similar credit risks in our customer base.

The decline in purchased transportation resulted primarily from lower volumes during the quarter. Rail costs were down 51.3% due to lower volume and substantially lower fuel surcharges compared to the prior year while externally purchased transportation costs were down 49.4%.

The decline in other operating expenses is due primarily to a decline in fuel taxes related to fewer miles driven and lower claims and insurance costs. General liability claims decreased \$6.7 million mostly due to net favorable development of prior year claims while cargo claims expense decreased by \$5.5 million due primarily to fewer shipments.

Six months ended June 30, 2009 compared to six months ended June 30, 2008

National Transportation revenue decreased \$1,356.4 million or 41.7% in the six months ended June 30, 2009 versus the same period in 2008. The decline in operating revenue was largely driven by a 34.6% decline in total picked up tonnage. As discussed in the quarterly results, these tonnage declines are primarily the result of a slowing economy and the diversion of freight in the current year due to perceived uncertainty around our financial stability as well as the integration of the Yellow and Roadway networks which was completed in March 2009. We believe that the impact of freight diversion in the first six months of 2009 is substantially greater than the impact in the same period in 2008 that resulted from uncertainty and timing around union labor negotiations. The decline in tonnage was impacted further by a 10.3% decrease in revenue per hundred weight resulting mostly from lower fuel surcharge revenue and higher than normal revenue adjustments, primarily rerates, related to the 2009 YRC network.

Operating income for National Transportation decreased \$606.5 million in the six months ended June 30, 2009 as compared to the six months ended June 30, 2008. Revenue decreased \$1,356.4 million in the first half of 2009 compared to the same period in 2008 while operating costs only decreased \$749.9 million. The cost declines consisted primarily of lower salaries, wages and benefits of \$379.9 million, lower operating expenses & supplies of \$189.0 million, lower purchased transportation costs of \$139.4 million, and lower other operating expenses of \$31.1 million.

The decline in salaries, wages and benefits was as a result of lower volume and the 10% pay reduction but were partially offset by increased stock compensation expense of \$16.1 million, increased workers' compensation expense of \$35.6 million, higher labor costs

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associated with the initial implementation of the integrated network and higher costs related to annual contractual wage and benefit increases, increased severance costs and increased pension settlement costs. The six months ended June 30, 2008 included a curtailment gain of \$34.5 million; no comparable amount was in the current period.

Operating expenses and supplies declined mostly due to lower volumes and a decrease in fuel costs. Fuel and oil costs were 67.4% lower than the prior year period. This decline was partially offset by higher costs associated with the YRC integration and bad debt expense as was discussed in the second quarter results.

The decline in purchased transportation resulted primarily from lower volumes during the six months ended June 30, 2009 compared to the comparable prior period. Rail costs were down 46.0% due to lower volume and substantially lower fuel surcharges compared to the prior year period while externally purchased transportation costs were down 42.8%.

The decline in other operating expenses is due primarily to a decline in fuel taxes of \$14.9 million from the prior year period related to fewer miles driven and lower cargo claims expense of \$10.6 million mostly due to fewer shipments.

The gain on disposal of property was \$0.4 million in the six months ended June 30, 2009 compared to a loss of \$4.2 million in the comparable prior year period.

Regional Transportation Results

Regional Transportation represented approximately 25% and 22% of our consolidated revenue in the second quarter of 2009 and 2008, respectively, and approximately 24% and 23% in the six months ended June 30, 2009 and 2008, respectively. The table below provides summary financial information for Regional Transportation for the three and six months ended June 30:

(in millions)	Three months			Six months		
	2009	2008	Percent Change	2009	2008	Percent Change
Operating revenue	\$337.9	\$533.6	(36.7)%	\$ 693.0	\$1,046.0	(33.7)%
Operating income (loss)	(48.3)	2.1	n/m	(122.5)	(35.5)	n/m ^(a)
Operating ratio	114.3%	99.6%	14.7pp	117.7%	103.4%	14.3pp ^(b)

(a) Not meaningful.

(b) Percentage points.

Three months ended June 30, 2009 compared to three months ended June 30, 2008

Regional Transportation reported operating revenue of \$337.9 million for the quarter ended June 30, 2009, representing a decrease of \$195.7 million, or 36.7% from the quarter ended June 30, 2008. The decreased operating revenue was driven by lower business volumes and weaker pricing including lower fuel surcharge revenue. Total weight per day was down 26.4% in the second quarter 2009, representing a 22.0% decline in total shipments per day and a 5.7% decline in total weight per shipment compared to last year's quarter. Year-over-year shipment volumes were negatively impacted by a continued weak economy and the diversion of freight by our customers due to concerns over our financial stability.

Total revenue per hundred weight decreased 11.9% in the second quarter 2009 as compared to the second quarter 2008, primarily due to lower fuel surcharge revenue associated with lower diesel fuel prices and continued market pricing pressure impacts on our base rates. A meaningful portion of our regional footprint is concentrated in the Upper Midwest where business levels and pricing negotiations have been especially difficult due to the economic challenges in this geographic area.

Operating loss for Regional Transportation was \$48.3 million for the second quarter 2009, compared to \$2.1 million operating income for the second quarter 2008, consisting of a \$195.7 million decline in revenue and a \$145.3 million decrease in operating expenses. Regional Transportation has reduced most operating expenses in proportion to lower business volumes. Expense decreases in the second quarter 2009 were in salaries, wages and benefits of \$63.1 million, operating expenses and supplies of \$66.1 million, purchased transportation of \$10.8 million, other operating expenses of \$5.0 million and reorganizations and settlements of \$1.8 million. Expense increases in the second quarter 2009 were in depreciation and amortization of \$0.3 million and gains/losses on property disposals of \$1.3 million.

Salaries, wages and benefits expense decreased 19.4% reflecting lower employee levels and increased productivity as well as compensation and benefit reductions for most employees in Regional Transportation. These decreases were partially partly offset by higher workers' compensation costs mostly as a result of unfavorable development factors. Operating expenses and supplies

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decreased 47.5% reflecting a 21.4% reduction in costs other than fuel and a 66.5% decrease in fuel costs (primarily due to lower fuel prices). Costs were lower in the areas of equipment maintenance, travel and tolls as a result of lower business volumes, effective cost management and terminal closures. Purchased transportation was 42.6% lower due to lower business volumes and the in-sourcing of certain linehaul transportation from third-party providers. Other operating expenses were 20.2% lower mainly in the areas of operating taxes, licenses and cargo claims primarily due to lower business volumes.

Regional Transportation incurred \$2.9 million of severance and lease termination costs in the second quarter 2009 for the closure of five service centers at Holland in mid-June. These costs were recorded in salaries, wages and employees' benefits expense and operating expenses and supplies expense. Reorganization costs in second quarter 2008 were \$1.8 million related to additional costs from the closure of service centers at Holland and Reddaway during mid-February 2008. These costs consisted primarily of employee severance and facilities costs.

Depreciation and amortization was 1.5% higher primarily due to a change in the life of customer related intangible assets, partially offset by impacts from a smaller equipment fleet. Losses on property disposals were \$0.6 million in second quarter 2009 compared to a \$0.7 million gain in second quarter 2008.

Six months ended June 30, 2009 compared to six months ended June 30, 2008

Regional Transportation reported operating revenue of \$693.0 million for the six months ended June 30, 2009, representing a decrease of \$353.0 million, or 33.7% from the six months ended June 30, 2008. The decreased operating revenue was driven by lower business volumes and weaker pricing including lower fuel surcharge revenue. Total weight per day was down 27.1%, representing a 22.9% decline in total shipments per day and a 5.4% lower total weight per shipment compared to last year. Shipment volumes were negatively impacted by a continued weak economy and the closure of service centers identified above.

Total revenue per hundred weight decreased 10.3% in the first half of 2009 as compared to the first half of 2008, primarily due to lower fuel surcharge revenue associated with lower diesel fuel prices and continued pricing pressure impacts on our base rates.

Operating loss for Regional Transportation was \$122.5 million for the first six months of 2009, an increase of \$87.0 million from the first six months of 2008, consisting of a \$353.0 million decline in revenue and a \$266.0 million decrease in operating expenses. Regional Transportation has reduced most operating expenses in proportion to lower business volumes. Expense decreases were in salaries, wages and benefits of \$113.0 million, operating expenses and supplies of \$115.5 million, purchased transportation of \$19.0 million, depreciation and amortization of \$0.3 million, other operating expenses of \$5.2 million, losses on property disposals of \$0.1 million and reorganizations and settlements of \$12.9 million.

Salaries, wages and benefits expense decreased 17.1% reflecting lower employee levels and increased productivity as well as compensation and benefit reductions for most employees in Regional Transportation. These decreases were partially offset by severance costs for closed facilities, the equity ownership program for union employees and higher workers' compensation costs mostly as a result of unfavorable development factors. Operating expenses and supplies decreased 43.1% reflecting a 16.0% reduction in costs other than fuel and a 64.0% decrease in fuel costs (primarily due to lower fuel prices). Costs were lower in the areas of equipment maintenance, travel and tolls as a result of lower business volumes, effective cost management and terminal closures. Purchased transportation was 38.7% lower due to lower business volumes and the in-sourcing of certain linehaul transportation from third-party providers. Depreciation was 0.8% lower due to a smaller equipment fleet, mostly offset by a change in the life of customer related intangible assets. Other operating expenses were 9.1% lower mainly in the areas of operating taxes, licenses and cargo claims primarily due to lower business volumes, partially offset by a higher provision for bodily injury and property damage claims due to severe current period claims and prior period claim development.

Regional Transportation incurred \$7.9 million of employee severance and lease termination costs in the first half of 2009 for the closure of five Holland service centers in June 2009 and 13 in March 2009 as part of continuing efforts to optimize our networks and reduce costs. These costs were recorded in salaries, wages and employees' benefits expense and operating expenses and supplies expense. Reorganization costs in the first half of 2008 were \$12.4 million related to the closure of service centers at Holland and Reddaway during mid-February 2008. These costs consisted primarily of employee severance and lease termination costs.

YRC Logistics Results

YRC Logistics represented approximately 8% and 6% of our consolidated revenue in the second quarter of 2009 and 2008, respectively, and approximately 8% and 6% in the six months ended June 30, 2009 and 2008, respectively. The table below provides summary financial information for YRC Logistics for the three and six months ended June 30:

<u>(in millions)</u>	<u>Three Months</u>			<u>Six Months</u>		
	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>	<u>2009</u>	<u>2008</u>	<u>Percent Change</u>
Operating revenue	\$101.8	\$159.8	(36.3)%	\$213.9	\$309.6	(30.9)%
Operating income (loss)	(8.0)	1.9	n/m ^(a)	(11.4)	0.8	n/m
Operating ratio	107.8%	98.8%	9.0pp ^(b)	105.3%	99.7%	5.6pp

(a) Not meaningful.

(b) Percentage points.

Three months ended June 30, 2009 compared to three months ended June 30, 2008

In the second quarter of 2009, YRC Logistics operating revenue was \$101.8 million, a decrease of \$58.0 million or 36.3% from the second quarter of 2008. YRC Logistics recognized revenue declines in each of its service offerings as a result of the weakened economy and customer diversion. Decreases in 2009 revenue for distribution services were caused by deteriorating economic conditions in the retail sector and YRC Logistics' decision to exit its domestic ocean service offering in June 2008. Revenue declines in transportation services can be largely attributed to the depressed manufacturing sector. Global services revenue fell as shipment counts declined throughout the world from the poor global economic conditions.

YRC Logistics incurred an operating loss of \$8.0 million for the three months ended June 30, 2009 compared to operating income of \$1.9 million in the three months ended June 30, 2008. YRC Logistics revenue decreased by 36.3% while total costs decreased 30.5%. Increased expense items included in the three months ended June 30, 2009, included \$1.2 million of amortization related to the reduction in useful lives of certain intangible and technology assets, increased other operating expenses of \$1.4 million attributed to a certain bodily injury claim, \$1.1 million of increased overcharge claims and \$0.6 million related to a settlement. The three months ended June 30, 2009 also includes a \$1.6 million increase in workers' compensation expense compared to the three months ended June 30, 2008 primarily related to a specific claim and \$0.4 million of employee severance due to headcount reductions. Overall salaries, wages and employees' benefits decreased 20.7% during the three months ended June 30, 2009 versus the year ago period as head count reductions lagged the volume declines. This relationship was offset by a 41.9% decrease in purchased transportation during the three months ended June 30, 2009 versus the year ago period that is attributed to decreased volumes and more competitive carrier rates due to the excess capacity in the market.

Six months ended June 30, 2009 compared to six months ended June 30, 2008

In the first half of 2009, YRC Logistics revenue decreased by \$95.7 million or 30.9% from the first half of 2008. YRC Logistics recognized revenue declines in 2009 in each of its service offerings as overall business volumes continued to erode as a result of the global recession. Sluggish conditions in the retail sector and YRC Logistics' decision to exit its domestic ocean service offering in June 2008 were the main drivers behind the decline in revenue for the distribution services group. A continued weak manufacturing sector largely attributed to revenue declines in the transportation services group. Poor global economic conditions, especially Europe and Asia, resulted in lower volumes and shipment counts in the first half of 2009 causing global services revenue to decline.

Operating income decreased from \$0.8 million in the first half of 2008 to a loss of \$11.4 million in the first half of 2009, and reflects a 30.9% reduction in revenue and a 27.0% reduction in expenses as compared to the 2008 period. Salaries, wages and employees' benefits decreased 23.0% in 2009 versus the comparable 2008 period and includes a \$2.4 million reduction in incentive compensation with the remaining decrease attributed to a 10% wage reduction for most employees and a reduced workforce. Purchased transportation decreased 34.6% in the first half of 2009 compared to the first half of 2008 due to both reduced volume and cost as discussed above.

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YRC Truckload Results

YRC Truckload represented approximately 1% of our consolidated revenue in the second quarter of 2009 and 2008, respectively, and approximately 1% for the six months ended June 30, 2009 and 2008, respectively. The table below provides summary financial information for Truckload for the three and six months ended June 30:

(in millions)	Three Months			Six Months		
	2009	2008	Percent Change	2009	2008	Percent Change
Operating revenue	\$ 27.5	\$ 31.5	(12.6)%	\$ 53.5	\$ 57.1	(6.2)%
Operating loss	(2.4)	(3.9)	39.8%	(4.6)	(9.0)	48.6%
Operating ratio	108.6%	112.5%	(3.9)pp	108.6%	115.8%	(7.2)pp ^(a)

(a) Percentage points.

Three months ended June 30, 2009 compared to three months ended June 30, 2008

Truckload reported operating revenue of \$27.5 million for the quarter ended June 30, 2009, representing a decrease of \$4.0 million or 12.6% from the quarter ended June 30, 2008. The two primary components of truckload operating revenue are volume, comprised of the miles driven, and price, usually evaluated on a revenue per mile basis. Total miles driven per day were up 13.1% in the second quarter 2009 as compared to the same period in 2008 due primarily to higher use of Truckload services by YRC Worldwide operating companies as they shifted certain line haul miles from rail providers to road service partially offset by the soft economy. However, revenue per mile was down 22.1%, due primarily to lower fuel surcharge revenue associated with lower diesel fuel prices.

Operating loss for Truckload was \$2.4 million for the second quarter 2009, an improvement of \$1.5 million from the second quarter of 2008, consisting of a \$4.0 million decrease in revenue and a \$5.5 million decrease in operating expenses. Expense decreases were primarily in the areas of fuel (lower diesel prices partially offset by higher miles driven which consumed more gallons), driver recruiting, purchased transportation, equipment depreciation and losses on equipment disposals. Increased operating expenses were primarily volume related higher wages and benefits costs of \$1.5 million.

Six months ended June 30, 2009 compared to six months ended June 30, 2008

Truckload reported operating revenue of \$53.5 million for the six months ended June 30, 2009, representing a decrease of \$3.6 million or 6.2% from the six months ended June 30, 2008. Total miles driven per day were up 14.5% in the first six months of 2009 as compared to 2008 due primarily to higher use of Truckload services by YRC Worldwide operating companies partially offset by the soft economy. However, revenue per mile was down 17.8%, due primarily to lower fuel surcharge revenue associated with lower diesel fuel prices.

Operating loss for Truckload was \$4.6 million for the first half of 2009, an improvement of \$4.4 million from the first half of 2008, consisting of a \$3.6 million decrease in revenue and an \$8.0 million decrease in operating expenses. Expense decreases were primarily in the areas of fuel (lower diesel prices partially offset by higher miles driven which consumed more gallons), driver recruiting, purchased transportation, equipment depreciation, bodily injury and property damage claims and losses on equipment disposals. Increased operating expenses were primarily volume related higher wages and benefits costs of \$3.7 million.

Financial Condition

Liquidity

The current economic recession and the lingering tight credit market resulting from the global financial crisis continue to have a dramatic effect on our industry. The current recessionary environment continues to negatively impact our customers' needs to ship and, therefore, negatively impacts the volume of freight we service and the price we receive for our services. As a result, we continue to experience lower year-over-year revenue (primarily a function of declining volume) and significant operating losses. In addition, we believe that some of our customers have reduced their shipments with us to mitigate the risks of integration of our Yellow Transportation and Roadway networks. We experienced these reduced shipment levels to a greater extent in March 2009 and for a longer period extending into the second quarter than we anticipated when planning the integration of our networks. As a result, our financial results for the second quarter have fallen short of our previous expectations. As our service has improved from the March 2009 integration, our shipment volumes have stabilized, we have added new customers to our networks and have increased our volumes with certain existing customers during the second quarter. Although many of our customers have returned their business to us, this business has not returned as quickly as we had anticipated. In addition, we believe that many of our existing customers have

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reduced their business with us during the last couple of quarters due to the uncertainty regarding our financial condition. As we continue to improve our service and stabilize our financial condition, we anticipate the return of the shipping volume from these customers. However, we cannot predict how quickly and to what extent these volumes will return.

Operating Performance and Cash Flow Improvement Activities

In light of the current economic recession, we have implemented or are in the process of implementing the following actions (among others) to reduce our cost base and improve our operating income and cash flow from operations:

- the integration of our Yellow Transportation and Roadway networks into a single service network, now branded “YRC”
- the discontinuation of the geographic service overlap between our Holland and New Penn networks
- the first quarter implementation of a 10% wage reduction for substantially all of our employees (both union and non-union)
- further reductions in the number of terminals to right-size our transportation networks to current shipment volumes
- the August 2009 implementation of an additional 5% wage reduction for substantially all of our union employees
- the temporary cessation of pension contributions to the Pension Funds starting in July 2009 through December 31, 2010, which cessation eliminates the need to recognize expense for these contributions during this period
- the continued suspension of company matching 401(k) contributions for non-union employees
- the sale of excess property and equipment, primarily resulting from the integration of the Yellow Transportation and Roadway networks
- the sale and leaseback of core operating facilities
- reductions in force to scale our business to current shipping volumes
- other cost reduction measures in general, administrative and other areas
- changes to our overall risk management structure to reduce our letter of credit requirements
- ongoing discussions with our lender group regarding our progress on our comprehensive strategic plan and our need for longer-term modifications to the Credit Agreement
- commencement of discussions with certain existing bondholders in an effort to address the company’s capital structure, including its near term debt maturities

Certain of these actions are further described below.

YRC Integration

In March 2009, we completed the integration of our Yellow Transportation and Roadway networks into one service network, now branded “YRC”. Since the integration, our service (both on-time deliveries and reduced claims) has improved to a level above pre-integration. In addition, productivity measurements for city pick up and delivery labor, dock labor, and load average in our line haul operation have also improved since the integration. During the integration, we believe many of our customers reduced their shipments with us to mitigate their risks from our integration. As our service has improved from the March 2009 integration, many of these customers are now returning their shipping volumes to us and we have added new customers. However, these volumes have not returned as quickly as we had anticipated. We cannot predict how quickly and to what extent these volumes will return. As a result of successful integration, we have been able to implement a number of significant cost savings actions, including reducing the number of terminals, reducing headcount and decreasing our fleet size. We will implement further cost saving measures in the event that we experience further declines in shipping volume.

Ratification of Collective Bargaining Agreement Modification

On August 7, 2009, our employees who are represented by the International Brotherhood of Teamsters (the “Teamsters”) ratified a modification to our collective bargaining agreement. The modification provides (among other things) the following:

- a temporary cessation of the requirement for the Company’s subsidiaries to make contributions on behalf of most of the Company’s Teamster represented employees to the Pension Funds from July 2009 through December 31, 2010. These contributions will not need to be repaid in the future and, therefore, will be a cost reduction during this period;
- a 15% wage reduction (which includes the 10% wage reduction previously implemented in January 2009) for most of the Company’s Teamster represented employees;
- a reduction in the increase in contributions to multiemployer health and welfare plans from \$1.00 per hour to \$0.20 per hour that are scheduled for August 1, 2009 and to \$0.40 per hour for those scheduled for August 1, 2010;
- the establishment of a stock option plan for participating union employees, providing for options to purchase an additional 20% of the Company’s outstanding common stock on a fully diluted basis as if all outstanding stock options were exercised on the date the plan is established. This plan is required to be on terms substantially similar to the plan created in January

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2009, when the first 10% wage reduction was implemented, including the requirement that the Company's shareholders approve the plan. If the Company's shareholders do not approve the plan, the participating union employees would receive stock appreciation rights on similar terms. The stock option grants will occur on the date the Teamsters certify to the Company that the Company has entered into an amendment to its Credit Agreement that is acceptable to the Teamsters and the date that the Company certifies to the Teamsters there exists no event or condition which constitutes a default (as defined in the Credit Agreement) or which upon notice, lapse of time or both would, unless cured or waived, become or lead to such a default.

- on or before September 6, 2009, subject to the approval of the Company's board of directors and the Company's bank group, the Company is required to appoint an officer with authority to coordinate and oversee the Company's continued recovery efforts. This officer will be the same officer as discussed under "Credit Agreement Amendment – Designated Officer" below.
- during the period in which the temporary pension contribution cessation is in effect, subject to the approval of the Company's board of directors, which approval may not be unreasonably withheld, the Company is required to appoint a director that the Teamsters nominate.

As with prior ratification elections, a small number of the bargaining units representing less than 10% of our Teamster employees did not yet ratify the labor agreement modifications. The Company and the Teamsters expect to address employee concerns and have these smaller bargaining units reconsider the modifications in the near future. If these units do not approve the modification, they will continue under their current collective bargaining agreements without additional modification. Absent ratification, among other obligations, the Company would remain obligated to make contributions for these employees to the applicable Pension Funds. For the three months ended June 30, 2009, the Company was obligated to make approximately \$2.1 million in average monthly contributions to the Pension Funds for these non-ratifying units. Certain of the smaller Pension Funds (primarily in the Northeast) to which the Company contributes terminated the Company's participation in these Pension Funds in advance of the ratification of the labor agreement modifications. With respect to the non-ratifying bargaining units, if these units do not subsequently ratify the modifications, the Company and these Pension Funds will need to agree to amend the termination notices to allow these units to continue to participate in the Pension Funds to avoid withdrawal liability.

Credit Agreement Amendment

On July 30, 2009, the Company and certain of its subsidiaries entered into Amendment No. 9 to the Credit Agreement (the "Credit Agreement Amendment"), which amends certain of the provisions of the Credit Agreement. The Credit Agreement continues to provide us with a \$950 million senior revolving credit facility, including sublimits available for borrowings under certain foreign currencies and for letters of credit, and a senior term loan in an aggregate outstanding principal amount of approximately \$111.5 million. Unless otherwise noted, all references to the Credit Agreement give effect to the Credit Agreement Amendment. Set forth below is a summary of the principal terms of the Credit Agreement Amendment.

Financial Covenants

The Credit Agreement Amendment suspends the requirement that the Company maintains liquidity equal to or greater than \$100 million at all times until September 1, 2009. In addition, the Credit Agreement Amendment amends the minimum consolidated EBITDA negative covenant:

- by including an add back to consolidated EBITDA of the Company and its subsidiaries of up to \$14 million for certain restructuring charges for the fiscal quarter ending December 31, 2009, of up to \$8 million for certain restructuring charges for the fiscal quarter ending March 31, 2010 and of up to \$5 million for certain restructuring charges for the fiscal quarter ending June 30, 2010; and
- by resetting minimum Consolidated EBITDA amounts and test dates as follows:

<u>Period</u>	<u>Minimum Consolidated EBITDA</u>
For the fiscal quarter ending on December 31, 2009	\$ 15,000,000
For the fiscal quarter ending on March 31, 2010	\$ 20,000,000
For the two consecutive fiscal quarters ending on June 30, 2010	\$ 80,000,000
For the three consecutive fiscal quarters ending September 30, 2010	\$ 145,000,000
For the four consecutive fiscal quarters ending December 31, 2010	\$ 210,000,000

Revolver Reserve Amount

The Credit Agreement Amendment extends the date upon which the revolving commitments would be permanently reduced by an amount equal to the then current Revolver Reserve Amount (as defined below) to September 1, 2009.

Asset Sale Mandatory Prepayment

Pursuant to the Credit Agreement Amendment, the asset sale mandatory prepayment provision was amended to no longer require the Company to include any of the first \$50 million of net cash proceeds received from real estate asset sales after the Credit Agreement Amendment effective date until September 1, 2009 in the Revolver Reserve Amount, subject to:

- in the case of the first \$20 million of net cash proceeds received, no restrictions;

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- (b) (following receipt of the initial \$20 million) in the case of the \$15 million of net cash proceeds received, ratification of the modifications to the collective bargaining agreement by employees represented by the Teamsters; and
- (c) (following receipt of the initial \$20 million) in the case of the final \$15 million of net cash proceeds received, engaging a designated officer in accordance with the terms of the Credit Agreement Amendment (as further described below).

If the conditions in paragraphs (b) and (c) are not satisfied prior to the Company's receipt of the respective net cash proceeds, then 50% of such proceeds will be placed in an escrow account until that condition is satisfied, at which time the escrow amount will be released. If the conditions are not satisfied before August 30, 2009, then any amount retained in the escrow account on such date shall be applied as a prepayment to revolving loans under the Credit Agreement and the Revolver Reserve Amount will increase by a corresponding amount.

Additional Reporting Obligations

Pursuant to the Credit Agreement Amendment, the Company is required to deliver to the administrative agent and the lenders, prior to certain specified dates, a comprehensive strategic plan reasonably acceptable to the lenders, along with related financial projections, models and analysis and the written terms and conditions setting forth all of the necessary actions requested by the Company to be taken to achieve the comprehensive strategic plan.

Designated Officer

Pursuant to the Credit Agreement Amendment, the Company is required to appoint and continue to engage a designated officer to, among other things, coordinate and oversee the Company's continued recovery efforts.

ABS Facility Amendment

On July 30, 2009, the Company and the other parties thereto entered into Amendment No. 7 to the ABS Facility (the "ABS Amendment"). The ABS Amendment amends certain Trigger Events (as defined in the ABS Facility) to make the Minimum Consolidated EBITDA (as defined in the ABS Facility) requirements consistent with the Credit Agreement. The ABS Amendment also amends specified provisions with respect to the Liquidity Notification Date (as defined in the ABS Facility) consistent with the Credit Agreement. In connection with the ABS Facility Amendment, the Company paid fees to each participating co-agent under the ABS Facility in an amount equal to 0.50% of the Group Limit (as defined in the ABS Facility) applicable to that co-agent.

Lease Financing Transactions

We have entered into several lease financing transactions with various parties, including NATMI and Estes. The underlying transactions included providing title of certain real estate assets to the issuer in exchange for agreed upon proceeds; however, the transactions did not meet the accounting definition of a "sale leaseback" and as such, the assets remain on our balance sheet and long-term debt (titled Lease Financing Obligations) is reflected on our balance sheet in the amount of the proceeds. We are required to make annual lease payments, which are recorded as principal and interest payments under these arrangements.

The table below summarizes our lease financing transactions through June 30, 2009:

<u>Issuer</u>	<u>Original Contract Amount</u>	<u>Contracts completed in second quarter 2009</u>	<u>Contracts completed in first half of 2009</u>	<u>Contracts completed subsequent to June 30, 2009</u>	<u>Contract modifications</u>	<u>Remaining contracted amount to close</u>	<u>Effective interest rates</u>
NATMI	\$ 150.4	\$ 16.1	\$ 127.4	\$ —	\$ (23.0)	\$ —	10.3%-18.4%
Estes	122.0	72.5	96.3	0.4	8.6	33.9	10.0%
Other	93.1	37.9	60.5	1.5	(31.1)	—	10.0%-14.1%
Total	<u>\$ 365.5</u>	<u>\$ 126.5</u>	<u>\$ 284.2</u>	<u>\$ 1.9</u>	<u>\$ (45.5)</u>	<u>\$ 33.9</u>	

On August 7, 2009, we executed a contract with NATMI for an additional lease financing transaction having a value of approximately \$81.4 million. We expect to close on the transactions throughout the remainder of 2009.

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We have used the proceeds received from the above transactions, as follows:

<u>(in millions)</u>	<u>Six months ended June 30, 2009</u>
Proceeds received	\$ 284.2
Amounts required to be escrowed with issuer	(8.1)
Transaction costs	(4.0)
Net proceeds received	272.1
Amounts required to be remitted to Revolver Reserve	(79.3)
Amounts available for working capital purposes	<u>\$ 192.8</u>

In addition to the \$79.3 million referenced in the table above, we were required to repay borrowings under the revolving loan by an additional \$15.4 million as a result of additional asset sales thereby making the Revolver Reserve Amount equal to \$94.7 million at June 30, 2009.

As previously discussed, the Credit Agreement Amendment amended, among other things, the terms of the asset sale mandatory prepayment provision through August 31, 2009. Thereafter, unless otherwise amended, our Credit Agreement will require the net proceeds from certain real estate asset sales to be applied as follows:

- for any real estate asset sale (other than the first \$150 million in net cash proceeds received under certain transactions with NATMI subject to any reductions associated with possible pension contribution deferrals discussed below) the net cash proceeds of which, together with the aggregate amount of net cash proceeds from all such real estate asset sales occurring on or after January 1, 2009,
- is less than or equal to \$300 million and occurs after August 31, 2009, 50% of such proceeds shall be used to prepay amounts outstanding under the Credit Agreement and the remaining 50% shall be retained by the Company;
- is greater than \$300 million and less than or equal to \$500 million, 75% of such proceeds shall be used to prepay amounts outstanding under the Credit Agreement and the remaining 25% shall be retained by the Company; and
- is greater than \$500 million, all of such proceeds shall be used to prepay amounts outstanding under the Credit Agreement.

Pension Contribution Deferral Obligations

On June 17, 2009, we entered into a Contribution Deferral Agreement with the Central States, Southeast, Southwest Areas Pension Fund (the "Central States Pension Fund") whereby approximately \$84.0 million of pension contributions originally due to the Central States Pension Fund on or before June 15, 2009 were converted to debt. All other Pension Funds to which we such owed pension contributions of \$49.2 million have also executed joinder agreements and are parties to the Contribution Deferral Agreement. In addition, we have deferred our July pension contributions of \$30.1 million, which relate to June hours, and are working with each Pension Fund to execute additional joinder agreements to add these amounts to the Contribution Deferral Agreement. At June 30, 2009, these amounts related to June hours are classified as "Wages, vacations and employees' benefits" in our consolidated balance sheet.

These amounts bear interest at the applicable interest rate set forth in the trust documentation that governs the Pension Fund and range from 4% to 18% as of June 30, 2009. The interest rate for the Central States Pension Fund representing the largest deferred amount is equal to prime plus two percent. We remit interest payments monthly.

In exchange for the deferral of the obligations, we pledged identified real property to the Pension Funds so that the Pension Funds have a first priority security interest in certain of the identified real property and a second priority security interest in other identified real property located throughout the U.S. and Mexico.

We must prepay the obligations on a ratable basis to the Pension Funds (i) with the net cash proceeds from the sale of first priority collateral or (ii) to the extent that Liquidity (as defined in the Credit Agreement) of the Company is greater than \$250 million, an amount equal to such excess (the "Excess Amount"); provided that Liquidity must be equal to \$250 million after giving effect to such payment and no payment shall be required until the Excess Amount is equal to or great than \$1 million at any time.

We made a payment of \$4.7 million to reduce these obligations in June 2009 leaving a balance of \$128.5 million as of June 30, 2009. Additional repayment amounts are required in thirty-six equal monthly installments commencing on January 15, 2010.

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Existing Liquidity Position

The following table provides details of the outstanding components and available unused capacity under the Credit Agreement and ABS Facility at each period end:

<u>(in millions)</u>	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Capacity:		
Revolving loan	\$ 950.0	\$ 950.0
ABS Facility	500.0	500.0
Total maximum capacity	<u>1,450.0</u>	<u>1,450.0</u>
Amounts outstanding:		
Revolving loan	(339.1)	(515.0)
Letters of credit (6/30/09: \$ 482.1 revolver; \$77.2 ABS Facility)	(559.3)	(460.5)
ABS Facility borrowings	(205.0)	(147.0)
ABS usage for captive insurance company (see below)	—	(221.0)
Total outstanding	<u>(1,103.4)</u>	<u>(1,343.5)</u>
Unused capacity	<u>\$ 346.6</u>	<u>\$ 106.5</u>
Available unused capacity (6/30/09: \$34.0 revolver; \$19.1 ABS Facility)	<u>\$ 53.1</u>	<u>\$ 41.9</u>

As we sold certain assets, we used the proceeds to reduce the outstanding revolving loan balance. The Credit Agreement provides that we reserve an accumulated portion of the net cash proceeds from certain asset sales (the “Revolver Reserve Amount”), which amount reduces our revolving credit capacity on a dollar-for-dollar basis unless certain conditions are satisfied. As a result of this provision, our overall availability was reduced by \$94.7 million at June 30, 2009. There was no similar amount at December 31, 2008. After considering the Revolver Reserve Amount of \$94.7 million, available capacity under the revolving loan was \$34.0 million at June 30, 2009. Our Credit Agreement requires that the revolving loan borrowing capacity will be permanently reduced by the Revolver Reserve Amount on September 1, 2009.

The ABS Facility permits borrowings of up to \$500 million based on qualifying accounts receivable of the Company. However, at June 30, 2009 and December 31, 2008, our underlying accounts receivable supported total capacity under the ABS Facility of \$301.3 million and \$435.4 million, respectively. Considering this limitation, available unused capacity under the Credit Agreement and the ABS Facility at June 30, 2009 and December 31, 2008, was \$53.1 million and \$41.9 million, respectively.

YRC Assurance Co. Ltd. (“YRC Assurance”) was the Company’s captive insurance company domiciled in Bermuda and a wholly owned and consolidated subsidiary of YRC Worldwide. YRC Assurance insured certain of our subsidiaries for certain of their respective self-insured obligations for workers’ compensation liabilities. Certain qualifying investments were made by YRC Assurance as required by Bermuda regulations. These investments included purchasing a position in the underlying receivables supporting our ABS Facility. As a result, as shown in the table above, our capacity under the ABS Facility was reduced by YRC Assurance’s investment in receivables of \$221.0 million at December 31, 2008. Our Credit Agreement required us to cease the participation of YRC Assurance in the ABS Facility. We have complied with this requirement, and YRC Assurance is in the process of being dissolved. As a result of these transactions, the operating companies who received insurance from YRC Assurance are now self-insured for their workers’ compensation liabilities.

Future Liquidity

In light of our recent operating results, we have satisfied our short term liquidity needs through a combination of borrowings under our Credit Agreement and ABS Facility and, to a more significant degree, retained proceeds from asset sales and sale/leaseback financing transactions and deferrals of pension plan payments. As our operating results improve, we expect that cash generated from operations will reduce our need to continue to rely upon these sources of liquidity to meet our short term funding requirements. Although we expect the wage reduction and temporary pension contribution cessation will improve our liquidity position, these and other cost savings measures noted above will be realized over time as they are implemented over the next several months. In order to continue to have sufficient liquidity to meet our operating requirements throughout the remainder of 2009:

- our operating results must continue to improve quarter-over-quarter and shipping volumes must continue to stabilize or recover quarter-over-quarter,
- we must continue to have access to our Credit Agreement and ABS Facility,
- we need to complete the sale/leaseback and real estate sale transactions currently under contract as anticipated,

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- our wage reductions and temporary cessation of pension contributions must continue and
- we must realize the cost savings we expect from these and other actions we have taken to date in the anticipated time periods.

Over the longer term, we have an aggregate of approximately \$386.8 million of indebtedness that matures or that we are otherwise required to repurchase at the option of the holder within the next twelve months. Specifically, \$150 million in aggregate principal amount of USF's 8 1/2% Guaranteed Notes (the "USF Notes") mature on April 15, 2010 and \$236.8 million in aggregate principal amount of the 5.0% contingent convertible senior notes due 2023 (the "5.0% Notes") may be put to us by the holders of the 5.0% Notes on August 8, 2010. In addition, our Credit Agreement permits the lenders to accelerate the maturity date of our obligations under the Credit Agreement if the remaining obligations under the USF Notes is equal to or greater than \$50 million on or after March 1, 2010 or if the remaining obligations under the 5.0% Notes is equal to or greater than \$50 million on or after June 25, 2010. Finally, the modification to our collective bargaining agreement with the Teamster's provides that the Teamsters may terminate the wage and benefit reductions in the modification if the USF Notes are not refinanced, repurchased or extinguished before March 1, 2010 or the 5.0% Notes are not refinanced, repurchased or extinguished before July 1, 2010 (or, in each case, such later date as the Teamsters may determine). If we do not have sufficient free cash flow to satisfy these obligations and the capital markets are not available to refinance the obligations, we would not be able to refinance these existing notes. Accordingly, we have retained financial and legal advisors and have commenced discussions with certain holders of these and other outstanding debt securities in an effort to address these upcoming maturities.

Risks and Uncertainties Relating to Liquidity

Our ability to satisfy our future liquidity requirements is subject to a number of risks and uncertainties as outlined below.

The Credit Agreement and the ABS Facility each requires us to comply with a number of covenants. Any failure to comply with these covenants would impact our ability to access borrowings under these facilities. As previously discussed, the Credit Agreement Amendment and the ABS Amendment eliminated any minimum EBITDA requirements through September 30, 2009 and reset the minimum EBITDA requirement for the fourth quarter of 2009 and each quarter during 2010. Additionally, these amendments eliminated the minimum liquidity requirement for August 2009. This minimum liquidity requirement will resume at the \$100 million level in September 2009. If we fail to meet our minimum liquidity requirement or our required EBITDA levels under our Credit Agreement and ABS Facility after these dates, we would need to seek a waiver or forbearance from our lenders and lessors under our Credit Agreement, our ABS Facility and certain of our leases; otherwise our lenders and lessors could declare an event of default and accelerate our obligations thereunder.

As of June 30, 2009, we had approximately \$35.8 million of sale/leaseback transactions under contract that we expect to complete during the third quarter of 2009. In addition, we signed a contract with NATMI on August 7, 2009 for \$81.4 million related to additional properties. The amount of actual dispositions and sale and financing leasebacks that we complete will be determined by the availability of capital and willing buyers and counterparties in the market and the outcome of discussions to enter into and close any such transactions on negotiated terms and conditions, including (without limitation) usual and ordinary closing conditions such as favorable title reports or opinions and favorable environmental assessments of specific properties.

The modification to our collective bargaining agreement with the Teamsters requires, among other things, that we enter into a bank amendment that is acceptable to the Teamsters. We are involved in ongoing discussions with our lenders regarding this amendment. If we fail to enter into such a bank amendment, the Teamsters may nullify the benefits of our recent modification to the collective bargaining agreement (including the wage reduction, temporary pension contribution cessation and related cost benefits).

Our beliefs regarding liquidity sufficiency are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 of the Securities Exchange Act of 1934, as amended. Our forecasts include significant judgment and significant market risk that may or may not be realized. Items that contribute to these judgments and risks, many of which are beyond our control, include the actual duration of the U.S. recession and our related assumptions around economic outlook, the continued improvements in productivities and service for our YRC network and the return of customers shipments to that network, our ability to further reduce costs and our need for additional liquidity including liquidity from cash flows from operating activities and other liquidity enhancing initiatives (such as sale and leaseback type transactions) that may not materialize. Our forecasts are also dependent on the factors listed in the introduction to MD&A and the risk factors listed in Part I of our Annual Report on Form 10-K for the year ended December 31, 2008.

Contingently Convertible Notes

The balance sheet classification of our contingent convertible notes between short-term and long-term is dependent upon certain conversion triggers, as defined in the applicable indenture. The contingent convertible notes include a provision whereby the note holder can require immediate conversion of the notes if, among other reasons, the credit rating on the contingent convertible notes

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assigned by Moody's is lower than B2 or if the credit rating assigned by S&P is lower than B. At June 30, 2009 and December 31, 2008, the conversion trigger was met, and accordingly, the contingent convertible notes have been classified as a short-term liability in the accompanying consolidated balance sheets. Based upon this particular conversion right and based upon an assumed market price of our stock of \$1.50 per share, which approximates the current market price, our aggregate obligation for full satisfaction of the \$379.1 million par value of contingent convertible notes would require cash payments of \$13.7 million.

Cash Flow Measurements

We use free cash flow as a measurement to manage working capital and capital expenditures. Free cash flow indicates cash available to fund additional capital expenditures, to reduce outstanding debt (including current maturities) or to invest in our growth strategies. This measurement is used for internal management purposes and should not be construed as a better measurement than net cash from operating activities as defined by generally accepted accounting principles.

The following table illustrates our calculation for determining free cash flow for the six months ended June 30:

<u>(in millions)</u>	<u>2009</u>	<u>2008</u>
Net cash (used in) provided by operating activities	\$(243.4)	\$110.6
Net property and equipment proceeds (additions)	11.5	(66.0)
Proceeds from exercise of stock options	—	0.1
Free cash flow	<u>\$(231.9)</u>	<u>\$ 44.7</u>

Operating cash flows decreased \$354.0 million during the six months ended June 30, 2009 versus the same period in 2008. Cash from operations was impacted by the reduction of general business volumes in 2009 with lower revenue and an exponentially larger reduction in operating income. Lower business volumes contributed to a reduction in accounts receivable and accounts payable from 2008 to 2009 of \$167.0 million and \$83.1 million, respectively. The 2009 period reflects the deferral of pension contributions of \$133 million that, if paid would have increased the negative free cash flow for 2009 by the same amount.

Net property and equipment additions were \$77.5 million lower in 2009 versus 2008 due to both a strategic decision to reduce overall capital expenditures during this period of reduced volumes and our financing alternative of leasing \$18.9 million of revenue equipment during the six months ended June 30, 2009. We intend to continue leasing revenue equipment under various master lease agreements to satisfy any equipment needs in the near term. Proceeds from dispositions have increased in the six months ended June 30, 2009 to \$37.5 million from \$11.1 million primarily due to our increased sales of excess property resulting from the network integration efforts.

Net cash provided by financing activities was \$71.3 million in 2009 versus net cash used by financing activities of \$37.4 million in 2008. During the six months ended June 30, 2009 we increased borrowings under our ABS facility by \$58.0 million versus reduced borrowings of \$40 million during the six months ended June 30, 2008. Additionally, during the six months ended June 30, 2009, we entered into lease financing transactions that generated proceeds of \$284.2 million and, in turn, provided funds to lower our borrowings primarily under our credit facilities in the amount of \$223.4 million. We also incurred debt issuance costs of \$47.5 million in 2009 in conjunction with our ABS and credit facility amendments.

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Contractual Obligations and Other Commercial Commitments

The following tables provide aggregated information regarding our contractual obligations and commercial commitments as of June 30, 2009.

Contractual Cash Obligations

(in millions)	Payments Due By Period				Total
	Less than 1 year ^(a)	2-3 years	4-5 years	After 5 years	
Balance sheet obligations:					
ABS borrowings	\$ 205.0	\$ —	\$ —	\$ —	\$ 205.0
Long-term debt including interest ^(b)	231.1	343.0	614.4	—	1,188.5
USF Red Star multi-employer pension withdrawal obligations including interest	1.7	3.5	2.1	—	7.3
Lease financing obligations including interest	33.2	69.0	71.9	202.4	376.5
Pension deferral obligation including interest	29.4	92.2	21.6	—	143.2
Off balance sheet obligations:					
Operating leases	99.8	117.5	40.0	27.9	285.2
Capital expenditures	14.2	—	—	—	14.2
Total contractual obligations	\$ 614.4	\$ 625.2	\$ 750.0	\$ 230.3	\$ 2,219.9

- (a) Total liabilities for unrecognized tax benefits as of June 30, 2009, were \$83.9 million and are classified on the Company's consolidated balance sheet within "Other Current and Accrued Liabilities".
- (b) Long-term debt maturities are reflected by contractual maturity for all obligations other than the contingent convertible senior notes. These notes are instead presented based on the earliest possible redemption date defined as the first date on which the note holders have the option to require us to purchase their notes at par. At June 30, 2009, these notes are convertible for cash payments of approximately \$13.7 million based on an assumed market price of \$1.50 per share for our common stock. Should the note holders elect to exercise the conversion options, cash payments of \$13.7 million would be less than those presented in the table above.

During the six months ended June 30, 2009, we entered into new operating leases for revenue equipment of approximately \$18.9 million.

We expect to contribute \$2.6 million to our company-sponsored, single employer pension plans in 2009.

We are required to remit a fee of \$10 million on September 30, 2009, to our lenders under the ABS Facility if the facility has not been terminated by that date or the Company does not have a corporate credit rating of B/B2 or better from S&P and Moody's by such date.

Other Commercial Commitments

The following table reflects other commercial commitments or potential cash outflows that may result from a contingent event, such as a need to borrow short-term funds due to insufficient free cash flow.

(in millions)	Amount of Commitment Expiration Per Period				Total
	Less than 1 year	2-3 years	4-5 years	After 5 years	
Unused line of credit	\$ 19.1	\$ —	\$ 34.0	\$ —	\$ 53.1
Letters of credit	559.3	—	—	—	559.3
Surety bonds	122.9	0.1	0.1	—	123.1
Total commercial commitments	\$ 701.3	\$ 0.1	\$ 34.1	\$ —	\$ 735.5

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to the market risk associated with unfavorable movements in interest rates, foreign currencies, and fuel price volatility. The risk inherent in our market risk sensitive instruments and positions is the potential loss or increased expense arising from adverse changes in those factors. There have been no material changes to our market risk policies or our market risk sensitive instruments and positions as described in our annual report on Form 10-K for the year ended December 31, 2008.

Item 4. Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our principal executive and financial officers have evaluated our disclosure controls and procedures and concluded that our disclosure controls and procedures were effective as of June 30, 2009.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION**Item 1A. Risk Factors**

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Liquidity” for additional information regarding our liquidity and compliance with covenants in our Credit Facilities.

Item 4. Submission of Matters to a Vote of Security Holders

We held our annual meeting of shareholders on May 14, 2009. At the meeting, the following matters were voted on by the shareholders:

Election of directors.

Nominees	For	Withheld
Michael T. Byrnes	33,735,473	18,566,759
Cassandra C. Carr	33,639,861	18,662,371
Howard M. Dean	49,745,250	2,556,982
Dennis E. Foster	33,595,739	18,706,493
Phillip J. Meek	33,668,213	18,634,019
Mark A. Schulz	50,057,861	2,244,371
William L. Trubeck	49,849,074	2,453,158
Carl W. Vogt	49,080,533	3,221,699
William D. Zollars	46,207,999	6,094,233

Approval of the YRC Worldwide Inc. Union Employee Option Plan.

For	Against	Abstain	Broker Non-Votes
19,542,407	16,327,186	249,706	16,182,933

Approval of the YRC Worldwide Inc. Non-Union Employee Option Plan.

For	Against	Abstain	Broker Non-Votes
21,036,903	14,856,027	226,370	16,182,932

Ratification of the appointment of KPMG LLP as the Company’s independent registered public accounting firm for 2009.

For	Against	Abstain
51,001,883	1,007,035	293,314

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Item 5. Other Information

Modification to Collective Bargaining Agreement

On August 7, 2009, we announced that a majority of our union employees represented by the Teamsters voted in favor to modify the National Master Freight Agreement, effective April 1, 2008 through March 31, 2013 (the “NMFA”), with YRC Inc., USF Holland Inc. and New Penn Motor Express, Inc. The principal terms of the modification of the NMFA are set forth herein under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Liquidity—Ratification of Collective Bargaining Agreement Modification” and incorporated herein by reference.

Real Estate Sales

On August 7, 2009, we entered into real estate sales contracts with NATMI to sell and simultaneously lease back a pool of our facilities and to sell excess property located throughout the United States.

The aggregate purchase price for the subject facilities is approximately \$81.4 million. We expect to close the transactions in the third and fourth quarters of 2009. The closings of the transactions are subject to the satisfaction of normal and customary due diligence and related conditions, including NATMI’s right to terminate its obligation to purchase a portion or all of the facilities in its sole discretion during the inspection period. If we are unable to obtain by closing a lien release for a specific facility from JPMorgan Chase Bank, National Association, the administrative agent to our Credit Agreement, NATMI may terminate its obligation to purchase and we may terminate our obligation to sell certain facilities, subject to a customary breakup fee. Pursuant to the terms of the Credit Agreement, the administrative agent will be authorized to release such a lien provided that no default or event of default under the Credit Agreement has occurred and is continuing prior to the closing for a facility or would arise after giving effect to such closing.

Initial annual lease payments for the facilities that will be leased back from NATMI will be approximately \$9.7 million in the aggregate, subject to annual increases based on changes in the Consumer Price Index. The initial lease term for each facility will be 10 years, with renewal options to extend the term of each lease by up to an additional 30 years. During the lease term for each facility, as it may be extended, we will have a right of first offer in the event NATMI proposes to sell the facility.

We have previously entered into other sale-leaseback transactions with NATMI in the ordinary course of business.

Item 6. Exhibits

- 3.1 Bylaws of the Company, as amended through May 14, 2009 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K, filed on May 14, 2009, File No. 000-12255).
- 10.1 Amendment No. 4, dated April 15, 2009, to the Credit Agreement, dated as of August 17, 2007, among the Company, the Canadian Borrower, the UK Borrower, the financial institutions party thereto and JPMorgan Chase Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, File No. 000-12255).
- 10.2* Amendment No. 5 (dated as of May 14, 2009), Amendment No. 6 (dated as of May 15, 2009) and Amendment No. 7 (dated as of June 17, 2009) to the Credit Agreement, dated as of August 17, 2007, among the Company, the Canadian Borrower, the UK Borrower, the financial institutions party thereto and JPMorgan Chase Bank, National Association, as Administrative Agent.
- 10.3* Amendment No. 5 (dated May 15, 2009) and Amendment No. 6 (dated May 20, 2009) to Third Amended and Restated Receivables Purchase Agreement, dated as of April 18, 2008, as amended, among Yellow Roadway Receivables Funding Corporation, as Seller; Falcon Asset Securitization Company LLC, Three Pillars Funding LLC and Amsterdam Funding Corporation, as Conduits; the financial institutions party thereto as Committed Purchasers; Wachovia Bank, National Association, as Wachovia Agent and LC Issuer; SunTrust Robinson Humphrey, Inc., as Three Pillars Agent, The Royal Bank of Scotland plc (successor to ABN AMRO Bank, N.V.), as Amsterdam Agent, and JPMorgan Chase Bank, N.A., as Falcon Agent and Administrative Agent.
- 10.4* Contribution Deferral Agreement dated as of June 17, 2009 by and between YRC Inc., USF Holland, Inc., New Penn Motor Express, Inc., USF Reddaway Inc., the Trustees for the Central States, Southeast and Southwest Areas Pension Fund and the other Funds from time to time party thereto and Wilmington Trust Company, as Agent.
- 10.5 Amendment No. 3 (effective March 6, 2009), Amendment No. 4 (effective March 31, 2009) and Amendment No. 5 (effective April 21, 2009) to Real Estate Sales Contract, effective December 19, 2008, between NATMI Truck Terminals, LLC and YRC Worldwide Inc. (incorporated by reference to Exhibit 10.8 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, File No. 000-12255).
- 10.6 Retention Payment, Non-Competition, Non-Solicitation, Non-Disparagement, and Confidentiality Agreement dated June 2, 2009 by and between the Company and Michael J. Smid (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K, filed on June 2, 2009, File No. 000-12255).
- 31.1* Certification of William D. Zollars pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification Timothy A. Wicks pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification William D. Zollars pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification Timothy A. Wicks pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates documents filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

YRC Worldwide Inc.
Registrant

Date: August 10, 2009

/s/ William D. Zollars
William D. Zollars
Chairman of the Board of Directors, President & Chief Executive Officer

Date: August 10, 2009

/s/ Timothy A. Wicks
Timothy A. Wicks
Executive Vice President & Chief Financial Officer

AMENDMENT NO. 5

Dated as of May 14, 2009

to

CREDIT AGREEMENT

Dated as of August 17, 2007

THIS AMENDMENT NO. 5 ("Amendment") is made as of May 14, 2009 by and among YRC Worldwide Inc. (the "Company"), the Canadian Borrower and the UK Borrower (together with the Company, the "Borrowers") and JPMorgan Chase Bank, National Association, as Administrative Agent (the "Administrative Agent"), under that certain Credit Agreement dated as of August 17, 2007 by and among the Borrowers from time to time party thereto, the Lenders and the Administrative Agent (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Company has requested that the Administrative Agent agree to a technical amendment to the Credit Agreement; and

WHEREAS, pursuant to Section 11.02(c) of the Credit Agreement, the Administrative Agent has agreed to such amendments on the terms and conditions set forth herein to clarify any ambiguity as to whether the deferral of pension or health and welfare contribution payments by any Loan Party or its Subsidiaries constitutes Indebtedness;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers and the Administrative Agent have agreed to enter into this Amendment.

1. Amendments to Credit Agreement. Effective as of the date of satisfaction or waiver of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) The definition of "Indebtedness" appearing in Section 1.01 of the Credit Agreement is hereby amended to restate the final sentence thereof as follows:

Notwithstanding the foregoing, Indebtedness shall not include (i) trade payables and accrued expenses incurred by any Person in accordance with customary practices and in the ordinary course of business of such Person or (ii) any pension contributions or health and welfare contributions due from such Person and/or its applicable Subsidiaries to any Pension Fund Entity.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the condition precedent that the Administrative Agent shall have received counterparts of this Amendment duly executed by the Borrowers and the Administrative Agent.

3. Representations and Warranties of the Borrowers. Each Borrower hereby represents and warrants as follows as of the closing date of this Amendment:

(a) This Amendment and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of such Borrower and are enforceable against such Borrower in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof after giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Borrowers set forth in the Credit Agreement, as amended hereby, are true and correct in all material respects on and as of the date hereof, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

YRC WORLDWIDE INC., as the Company

By: _____
Name:
Title:

REIMER EXPRESS LINES LTD./REIMER EXPRESS LTEE,
as a Canadian Borrower

By: _____
Name:
Title:

YRC LOGISTICS LIMITED, as a UK Borrower

By: _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By: _____
Name:
Title:

Signature Page to Amendment No. 5
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

AMENDMENT NO. 6

Dated as of May 15, 2009

to

CREDIT AGREEMENT

Dated as of August 17, 2007

THIS AMENDMENT NO. 6 ("Amendment") is made as of May 15, 2009 by and among YRC Worldwide Inc. (the "Company"), the Canadian Borrower and the UK Borrower (together with the Company, the "Borrowers"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, National Association, as Administrative Agent (the "Administrative Agent"), under that certain Credit Agreement dated as of August 17, 2007 by and among the Borrowers from time to time party thereto, the Lenders and the Administrative Agent (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Company has requested that the Lenders and the Administrative Agent agree to an amendment to the Credit Agreement; and

WHEREAS, the Lenders party hereto and the Administrative Agent have agreed to such amendment on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers, the Lenders party hereto and the Administrative Agent have agreed to enter into this Amendment.

1. Amendment to Credit Agreement. Effective as of the date of satisfaction or waiver of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) Section 6.07(d) of the Credit Agreement is hereby amended to delete in its entirety the following row from the table set forth therein:

For the fiscal quarter ending on June 30, 2009	\$45,000,000
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2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Administrative Agent shall have received (i) counterparts of this Amendment duly executed by the Borrowers, the Required Lenders and the Administrative Agent, (ii) the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors, (iii) an amendment in respect of the Yellow Receivables Facility in form and substance similar to this Amendment and reasonably satisfactory to the Administrative Agent and (iv) those documents and instruments as may be reasonably requested by the Administrative Agent, (b) the Company shall have

paid all invoiced reasonable fees and invoiced, reasonable, out-of-pocket expenses of the Administrative Agent (including, to the extent invoiced, reasonable attorneys' fees and expenses) in connection with this Amendment and the other Loan Documents, in each case to the extent reimbursable under the terms of the Credit Agreement and (c) the Administrative Agent shall have received for the account of each Lender which delivers its executed signature page hereto by such time as is requested by the Administrative Agent, an amendment fee equal to 0.25% of such Lender's Revolving Commitment and the amount of such Lender's outstanding Term Loans.

3. Representations and Warranties of the Borrowers. Each Borrower hereby represents and warrants as follows as of the closing date of this Amendment:

(a) This Amendment and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of such Borrower and are enforceable against such Borrower in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof after giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Borrowers set forth in the Credit Agreement, as amended hereby, are true and correct in all material respects on and as of the date hereof, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Perfection of Additional Collateral. The parties hereto acknowledge that perfection of the Collateral Agent's Lien in certain Collateral, including, without limitation, real property and improvements thereto, tractors, trailers and other rolling stock, is ongoing, but the Company and the Loan Parties continue to execute such documents, agreements and instruments in connection therewith in accordance with Section 5.10 of the Credit Agreement (as amended by the Amendment) and the other Loan Documents. To the extent that any release of Collateral pursuant to the Specified Sale and Leaseback Transaction, any Specified Pension Fund Transaction and any other Asset Sale consummated between the date hereof and July 15, 2009 diminishes the value of Collateral, the Company agrees that any perfection of Liens described in the preceding sentence that occurs between the date hereof and July 15, 2009 shall be considered to have occurred substantially contemporaneously with any release of Collateral pursuant to the Specified Sale and Leaseback Transaction, any Specified Pension Fund Transaction and any other Asset Sale consummated between the date hereof and July 15, 2009 that diminishes the value of the Collateral.

6. Release. In further consideration of the execution by the Administrative Agent and the Lenders of this Amendment, to the extent permitted by applicable law, the Company, on behalf of itself and each of its Subsidiaries, and all of the successors and assigns of each of the foregoing (collectively, the "Releasors"), hereby completely, voluntarily, knowingly, and unconditionally releases and forever discharges the Collateral Agent, the Administrative Agent, each of the Lenders, each of their advisors, professionals and employees, each affiliate of the foregoing and all of their respective permitted successors and assigns (collectively, the "Releasees"), from any and all claims, actions, suits, and other liabilities, including, without limitation, any so-called "lender liability" claims or defenses (collectively, "Claims"), whether arising in law or in equity, which any of the Releasors ever had, now has or hereinafter can, shall or may have against any of the Releasees for, upon or by reason of any matter, cause or thing whatsoever from time to time occurred on or prior to the date hereof, in any way concerning, relating to, or arising from (i) any of the Transactions, (ii) the Secured Obligations, (iii) the Collateral, (iv) the Credit Agreement or any of the other Loan Documents, (v) the financial condition, business operations, business plans, prospects or creditworthiness of the Borrowers, and (vi) the negotiation, documentation and execution of this Amendment and any documents relating hereto except for Claims determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Releasee (or any of its Related Parties). The Releasors hereby acknowledge that they have been advised by legal counsel of the meaning and consequences of this release.

7. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

8. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

9. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

YRC WORLDWIDE INC., as the Company

By: _____

Name:

Title:

REIMER EXPRESS LINES LTD./REIMER EXPRESS LTEE,
as a Canadian Borrower

By: _____

Name:

Title:

YRC LOGISTICS LIMITED, as a UK Borrower

By: _____

Name:

Title:

Signature Page to Amendment No. 6
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as
Administrative Agent, as a US Tranche Lender and as US
Tranche Swingline Lender

By: _____

Name:

Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
TORONTO BRANCH, as Canadian Agent, as a Canadian
Tranche Lender and as Canadian Tranche Swingline Lender

By: _____

Name:

Title:

J.P. MORGAN EUROPE LIMITED, as UK Agent

By: _____

Name:

Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
LONDON BRANCH, as a UK Tranche Lender and as UK
Tranche Swingline Lender

By: _____

Name:

Title:

Signature Page to Amendment No. 6
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

BANK OF AMERICA, N.A., as a Syndication Agent and as a
US Tranche Lender

By: _____

Name:

Title:

BANK OF AMERICA, N.A. (CANADA BRANCH), as a
Canadian Tranche Lender

By: _____

Name:

Title:

BANK OF AMERICA, N.A., as Successor by Merger to
LASALLE BANK NATIONAL ASSOCIATION, as a US
Tranche Lender

By: _____

Name:

Title:

Signature Page to Amendment No. 6
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

SUNTRUST BANK, as a Syndication Agent and as a US Tranche Lender

By: _____
Name:
Title:

US BANK NATIONAL ASSOCIATION, as a Documentation Agent, as a US Tranche Lender and as a Canadian Tranche Lender

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION, as a Documentation Agent, as a US Tranche Lender and as a UK Tranche Lender

By: _____
Name:
Title:

BANK OF TOKYO-MITSUBISHI UFJ TRUST COMPANY, as a Documentation Agent and as a US Tranche Lender

By: _____
Name:
Title:

THE ROYAL BANK OF SCOTLAND plc, as a US Tranche Lender and as a UK Tranche Lender

By: _____
Name:
Title:

BMO CAPITAL MARKETS FINANCING, INC., as a US Tranche Lender

By: _____
Name:
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BANK OF MONTREAL, as a Canadian Tranche Lender

By: _____
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SUMITOMO MITSUI BANKING CORPORATION, as a US
Tranche Lender

By: _____
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UMB BANK, n.a., as a US Tranche Lender

By: _____
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TAIWAN BUSINESS BANK, as a US Tranche Lender

By: _____
Name:
Title:

MEGA INTERNATIONAL COMMERCIAL BANK CO.,
LTD., NEW YORK BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

TAIPEI FUBON COMMERCIAL BANK, NEW YORK
AGENCY, as a US Tranche Lender

By: _____
Name:
Title:

HUA NAN COMMERCIAL BANK, LTD., LOS ANGELES
BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

HUA NAN COMMERCIAL BANK, LTD., NEW YORK
AGENCY, as a US Tranche Lender

By: _____
Name:
Title:

BANK OF COMMUNICATIONS CO., LTD., NEW YORK
BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

CHANG HWA COMMERCIAL BANK, LTD., NEW YORK
BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

FIRST COMMERCIAL BANK, LOS ANGELES BRANCH, as
a US Tranche Lender

By: _____
Name:
Title:

Signature Page to Consent and Reaffirmation to Amendment No. 6
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

AMENDMENT NO. 7

Dated as of June 17, 2009

to

CREDIT AGREEMENT

Dated as of August 17, 2007

THIS AMENDMENT NO. 7 ("Amendment") is made as of June 17, 2009 by and among YRC Worldwide Inc. (the "Company"), the Canadian Borrower and the UK Borrower (together with the Company, the "Borrowers"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, National Association, as Administrative Agent (the "Administrative Agent"), under that certain Credit Agreement dated as of August 17, 2007 by and among the Borrowers from time to time party thereto, the Lenders and the Administrative Agent (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Company has requested that the Lenders and the Administrative Agent agree to certain amendments to the Credit Agreement; and

WHEREAS, the Lenders party hereto and the Administrative Agent have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers, the Lenders party hereto and the Administrative Agent have agreed to enter into this Amendment.

1. Amendments to Credit Agreement. Effective as of the date of satisfaction or waiver of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended to insert the following new definitions thereto in the appropriate alphabetical order as follows:

"Amendment No. 7" means Amendment No. 7 to this Agreement, dated as of June 17, 2009, by and among the Borrowers, the Lenders party thereto and the Administrative Agent.

"Amendment No. 7 Effective Date" means June 17, 2009.

(b) The definition of "Escrow Release Conditions" appearing in Section 1.01 of the Credit Agreement is hereby restated in its entirety as follows:

"Escrow Release Conditions" means that the Amendment No. 7 Effective Date has occurred.

(c) The definition of “Net Cash Proceeds” appearing in Section 1.01 of the Credit Agreement is hereby amended to restate clause (b)(ii) thereof in its entirety as follows:

(ii) the amount of all payments required to be made as a result of such event to repay (x) Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (y) Specified Pension Fund Obligations on and after the Amendment No. 7 Effective Date, whether or not the Liens on the applicable Specified Properties contemplated by the relevant Specified Pension Fund Deferral Transaction have been created or perfected.

(d) The definition of “Pension Fund Intercreditor Agreement” appearing in Section 1.01 of the Credit Agreement is hereby amended to delete the reference to “Pension Fund Entities” appearing therein and to replace therefor a reference to “Pension Fund Entities (and/or any agent on behalf of such Pension Fund Entities)”.

(e) The definition of “Revolver Reserve Amount” appearing in Section 1.01 of the Credit Agreement is hereby amended to delete the reference to “2.12(h)(i)(B)” appearing therein and to replace therefor a reference to “2.12(h)(ii)”.

(f) The definition of “Specified Pension Fund Deferral Transaction” appearing in Section 1.01 of the Credit Agreement is hereby amended to (i) add the following at the end of the parenthetical therein: “accrued thereon but unpaid as of the date of the related Specified Pension Fund Deferral Transaction Documents by the applicable Pension Fund Entity” and (ii) delete the reference to “January 1, 2010” appearing therein and to replace therefor a reference to “January 1, 2010 (other than current interest)”.

(g) Section 2.09 of the Credit Agreement is hereby amended to insert a new clause (d) therein following the existing clause (c) thereof as follows:

(d) At 12:00 a.m., New York City time, on July 16, 2009, the Revolving Commitments shall be automatically and irrevocably reduced by an aggregate amount equal to the Revolver Reserve Amount.

(h) Section 2.12(h) of the Credit Agreement is hereby restated in its entirety as follows:

(h) Notwithstanding anything to the contrary set forth in this Section 2.12, with respect to any Real Estate Asset Sale described in clause (a) of the definition of “Prepayment Event” the Net Cash Proceeds of which, together with the aggregate amount of Net Cash Proceeds from all such Asset Sales occurring on or after January 1, 2009, is less than or equal to \$300,000,000 and which occurs on or prior to July 15, 2009, the Net Cash Proceeds thereof shall be applied as follows:

(i) 50% of such Net Cash Proceeds shall be used to make a prepayment of the outstanding Revolving Loans (without a corresponding permanent reduction of the Revolving Commitments at such time); and

(ii) 50% of such Net Cash Proceeds shall be used to make a prepayment of the outstanding Revolving Loans (without a corresponding permanent reduction of the Revolving Commitments at such time), and the aggregate amount of all such prepayments made pursuant to this Section 2.12(h)(ii) from and including January 1, 2009 through and including July 15, 2009 shall be the "Revolver Reserve Amount".

(i) Section 2.12(i) of the Credit Agreement is hereby restated in its entirety as follows:

(i) If on the close of business on any Business Day, the Company, its Domestic Subsidiaries (other than any Receivables Entity) and YRC Assurances Co. Ltd., collectively, have more than \$150,000,000 in Permitted Investments (such excess the "Daily Cash Excess Amount"), then, on or prior to the next succeeding Business Day, the Company shall make a prepayment of the outstanding Revolving Loans in an amount equal to such Daily Cash Excess Amount from such previous Business Day (without a corresponding permanent reduction of the Revolving Commitments at such time).

(j) Section 2.12 of the Credit Agreement is hereby amended to insert a new clause (k) therein as follows:

(k) On the Amendment No. 7 Effective Date, the Company shall make a prepayment of the outstanding Revolving Loans (without a corresponding permanent reduction of the Revolving Commitments at such time) in an amount equal to (i) the aggregate amount withdrawn from the Escrow Account on or after the Amendment No. 7 Effective Date minus (ii) \$3,571,405; provided that the entire amount of such \$3,571,405 must be used by the Company and/or its Subsidiaries to make a prepayment of the Specified Pension Fund Obligations on or before June 30, 2009 (such prepayment, the "Allowed Pension Fund Prepayment").

(k) Section 4.02(d) of the Credit Agreement is hereby restated in its entirety as follows:

(d) To the extent that the Company has requested a Borrowing or the issuance of a Letter of Credit which would not be available without using some amount of the Revolver Reserve Amount, (i) with respect to any such request for a Borrowing or issuance to be made on or after the Amendment No. 7 Effective Date and prior to July 16, 2009, (A) if the Company shall first have demonstrated to the reasonable satisfaction of the Administrative Agent (with reporting of sufficient detail in the Administrative Agent's reasonable discretion) that the Company made 75,000 or more LTL shipments within the national segment for each of five (5) consecutive Business Days all occurring on or after the Amendment No. 7 Effective Date, it shall be a condition that the Required Lenders have agreed that the relevant portion of the Revolver Reserve Amount shall be made available to the Borrowers for such purpose and (B) if the Company cannot demonstrate the performance in the manner described in the foregoing clause (A), it shall be a condition that the Lenders having Revolving Credit Exposures, outstanding principal amount of Term Loans and unused Commitments representing at least 66^{2/3}% of the sum of the total Revolving Credit Exposures, aggregate principal amount of Term Loans and unused Commitments at such time have agreed that the relevant portion of the Revolver Reserve Amount shall be made available to the Borrowers for such purpose and (ii) with respect to any such request for a Borrowing or issuance to be made on or after July 16, 2009, it shall be a condition that the Required Lenders have agreed that the relevant portion of the Revolver Reserve Amount shall be made available to the Borrowers for such purpose.

(l) Section 4.02 of the Credit Agreement is hereby further amended to insert a new clause (e) therein following the existing clause (d) thereof as follows:

(e) The Company has delivered to the Administrative Agent a certificate of a Financial Officer certifying that, as of the date of such certificate (which date shall be the date of request for such Borrowing or Letter of Credit), (i) the Company, its Domestic Subsidiaries (other than any Receivables Entity) and YRC Assurances Co. Ltd., collectively, have less than \$150,000,000 in Permitted Investments and providing a demonstration of such deficit (the amount of such deficit, the "Credit Event Liquidity Deficit Amount") reasonably satisfactory to the Administrative Agent and (ii) the amount of such requested Borrowing or Letter of Credit is equal to or less than the Credit Event Liquidity Deficit Amount.

(m) Section 5.01 of the Credit Agreement is hereby amended to (i) delete the "and" at the end of clause (k) thereof, (ii) redesignate clause (l) thereof as "clause (m)" and (iii) insert a new clause (l) therein as follows:

(l) promptly upon (and in any event within five (5) Business Days after) becoming aware thereof, copies of (to the extent not otherwise provided pursuant to the terms of this Agreement): (i) any written information or notices (other than any administrative notices or notices containing information provided to the Lenders pursuant to the terms herein) given by or to the applicable administrative agent and the lenders under the Specified Pension Fund Deferral Transaction Documents; and (ii) any proposed amendment, supplement, waiver or other modification to any Specified Pension Fund Deferral Transaction Documents (with final executed copies of the same to be delivered to the Administrative Agent within five (5) Business Days of execution thereof); and

(n) Section 6.02(m) of the Credit Agreement is hereby amended to delete the reference to "Liens on the applicable Specified Properties to secure the Specified Pension Fund Obligations" appearing therein and to replace therefor a reference to "Liens on the applicable Specified Properties to secure the Specified Pension Fund Obligations and interest, fees, expenses, costs and indemnities incurred in connection therewith".

(o) Section 6.02 of the Credit Agreement is hereby further amended to (i) delete the "and" at the end of clause (m) thereof, (ii) redesignate clause (n) thereof as "clause (o)" and delete the reference to "this paragraph (n)" appearing therein and to replace therefor a reference to "this paragraph (o)" and (iii) insert a new clause (n) therein as follows:

(n) Second-priority Liens on those certain parcels of real property owned by the Company or any of its Subsidiaries which are not Specified Properties (such other parcels of real property which are identified on Schedule 6.02(n), the "Second Lien Properties") to secure the Specified Pension Fund Obligations and interest, fees, expenses, costs and indemnities occurred in connection therewith; provided that such Liens shall only be permitted hereunder to the extent that they (i) are subject to the terms and conditions of a Pension Fund Intercreditor Agreement reasonably acceptable to the Administrative Agent and (ii) remain in all respects subordinate, junior and subject to the Liens of the Holders of Secured Obligations in respect of such Second Lien Properties; and

(p) Section 6.16 of the Credit Agreement is hereby amended to (i) delete the two references to "Indebtedness" appearing in the first sentence thereof and to replace therefor a reference to "Indebtedness or Specified Pension Fund Obligations" in each case, (ii) delete the reference to "Indebtedness" appearing in clause (d) thereof and to replace therefor a reference to "Indebtedness or

Specified Pension Fund Obligations”, (iii) delete the “and” at the end of clause (d) thereof, (iv) replace the period at the end of clause (e) thereof with “; and” and (v) insert a new clause (f) therein immediately following clause (e) thereof as follows:

(f) the Allowed Pension Fund Prepayment.

(q) Section 6.18(d) of the Credit Agreement is hereby amended to delete the reference to “set forth on the Specified Pension Fund Deferral Transaction Certificate in respect of such Specified Pension Fund Deferral Transaction” appearing therein and to replace therefor a reference to “set forth on the Specified Pension Fund Deferral Transaction Certificate in respect of such Specified Pension Fund Deferral Transaction and interest, fees, expenses, costs and indemnities incurred in connection therewith”.

(r) Article VII of the Credit Agreement is hereby amended to (i) delete the “or” at the end of clause (r) thereof, (ii) insert “or” at the end of clause (s) thereof and (iii) insert a new clause (t) therein immediately following clause (s) as follows:

(t) any event or condition occurs under any Specified Pension Fund Deferral Transaction that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of such obligations or any trustee or agent on its or their behalf to cause the obligations under such Specified Pension Fund Deferral Transaction to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity (in each case after giving effect to any cure or grace period, amendment or waiver);

(s) Each of the Lenders party hereto, on its behalf and on the behalf of its affiliated Holders of Secured Obligations, hereby agrees (and, as applicable, authorizes the Administrative Agent), (i) in connection with the Company’s request for withdrawal of all funds from the Escrow Account on or after the date hereof, to give written notice to the Escrow Agent under (and as defined in) the Escrow Account Agreement confirming that the Required Lenders have agreed to and authorized the release of all funds from the Escrow Account as of the date hereof and that such funds on deposit in the Escrow Account (in an amount equal to approximately \$73,000,000) shall be released from the Escrow Account (\$3,571,405 of which will be released to the Company to be used to make the Approved Pension Fund Prepayment and the remainder of approximately \$69,428,595 will be sent directly from the Escrow Account to the Administrative Agent to make the prepayment of the Revolving Commitments in accordance with Section 2.12(k) of the Credit Agreement, as amended hereby), and the Escrow Account should be closed and the Escrow Account Agreement should be terminated, in each case irrevocably and in its entirety (other than as specifically set forth in the Escrow Account Agreement), regardless of whether the Escrow Release Conditions are or are not satisfied as of the date hereof (the “Escrow Account Release”) and (ii) that the Revolving Commitments shall not be reduced upon the Escrow Account Release. Such Escrow Account Release is conditioned on the Company’s compliance in all respects with Section 2.12(k) of the Credit Agreement, as amended hereby.

(t) The Lenders party hereto authorize JPMorgan Chase Bank, National Association (in its capacity as Administrative Agent and/or as Collateral Agent) to enter into each of the Pension Fund Intercreditor Agreements and to take all action contemplated by any such documents.

(u) The Credit Agreement is hereby amended to attach a new Schedule 6.02(n) thereto in the form of Attachment A to this Amendment.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Administrative Agent shall have received (i) counterparts of this

Amendment duly executed by the Borrowers, the Required Lenders and the Administrative Agent, (ii) the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors and (iii) those documents and instruments as may be reasonably requested by the Administrative Agent and (b) the Company shall have paid all invoiced, reasonable, out-of-pocket expenses of the Administrative Agent (including, to the extent invoiced, reasonable attorneys' fees and expenses) in connection with this Amendment and the other Loan Documents, in each case to the extent reimbursable under the terms of the Credit Agreement.

3. Representations and Warranties of the Borrowers. Each Borrower hereby represents and warrants as follows as of the closing date of this Amendment:

(a) This Amendment and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of such Borrower and are enforceable against such Borrower in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof after giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Borrowers set forth in the Credit Agreement, as amended hereby, are true and correct in all material respects on and as of the date hereof, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Perfection of Additional Collateral. The parties hereto acknowledge that perfection of the Collateral Agent's Lien in certain Collateral, including, without limitation, real property and improvements thereto, tractors, trailers and other rolling stock, is ongoing, but the Company and the Loan Parties continue to execute such documents, agreements and instruments in connection therewith in accordance with Section 5.10 of the Credit Agreement (as amended by the Amendment) and the other Loan Documents. To the extent that any release of Collateral pursuant to the Specified Sale and Leaseback Transaction, any Specified Pension Fund Transaction and any other Asset Sale consummated between the date hereof and July 15, 2009 diminishes the value of Collateral, the Company agrees that any perfection of Liens described in the preceding sentence that occurs between the date hereof and July 15, 2009 shall be considered to have occurred substantially contemporaneously with any release of Collateral pursuant to the Specified Sale and Leaseback Transaction, any Specified Pension Fund Transaction and any other Asset Sale consummated between the date hereof and July 15, 2009 that diminishes the value of the Collateral.

6. Release. In further consideration of the execution by the Administrative Agent and the Lenders of this Amendment, to the extent permitted by applicable law, the Company, on behalf of itself and each of its Subsidiaries, and all of the successors and assigns of each of the foregoing (collectively, the "Releasors"), hereby completely, voluntarily, knowingly, and unconditionally releases and forever discharges the Collateral Agent, the Administrative Agent, each of the Lenders, each of their advisors, professionals and employees, each affiliate of the foregoing and all of their respective permitted successors and assigns (collectively, the "Releasees"), from any and all claims, actions, suits, and other liabilities, including, without limitation, any so-called "lender liability" claims or defenses (collectively, "Claims"), whether arising in law or in equity, which any of the Releasors ever had, now has or hereinafter can, shall or may have against any of the Releasees for, upon or by reason of any matter, cause or thing whatsoever from time to time occurred on or prior to the date hereof, in any way concerning, relating to, or arising from (i) any of the Transactions, (ii) the Secured Obligations, (iii) the Collateral, (iv) the Credit Agreement or any of the other Loan Documents, (v) the financial condition, business operations, business plans, prospects or creditworthiness of the Borrowers, and (vi) the negotiation, documentation and execution of this Amendment and any documents relating hereto except for Claims determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Releasee (or any of its Related Parties). The Releasors hereby acknowledge that they have been advised by legal counsel of the meaning and consequences of this release.

7. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

8. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

9. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

YRC WORLDWIDE INC., as the Company

By: _____

Name:

Title:

REIMER EXPRESS LINES LTD./REIMER EXPRESS LTEE,
as a Canadian Borrower

By: _____

Name:

Title:

YRC LOGISTICS LIMITED, as a UK Borrower

By: _____

Name:

Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as
Administrative Agent, as a US Tranche Lender and as US
Tranche Swingline Lender

By: _____

Name:

Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
TORONTO BRANCH, as Canadian Agent, as a Canadian
Tranche Lender and as Canadian Tranche Swingline Lender

By: _____

Name:

Title:

J.P. MORGAN EUROPE LIMITED, as UK Agent

By: _____

Name:

Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
LONDON BRANCH, as a UK Tranche Lender and as UK
Tranche Swingline Lender

By: _____

Name:

Title:

BANK OF AMERICA, N.A., as a Syndication Agent and as a US Tranche Lender

By: _____

Name:

Title:

BANK OF AMERICA, N.A. (CANADA BRANCH), as a Canadian Tranche Lender

By: _____

Name:

Title:

BANK OF AMERICA, N.A., as Successor by Merger to LASALLE BANK NATIONAL ASSOCIATION, as a US Tranche Lender

By: _____

Name:

Title:

SUNTRUST BANK, as a Syndication Agent and as a US Tranche Lender

By: _____
Name:
Title:

US BANK NATIONAL ASSOCIATION, as a Documentation Agent, as a US Tranche Lender and as a Canadian Tranche Lender

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION, as a Documentation Agent, as a US Tranche Lender and as a UK Tranche Lender

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BANK OF TOKYO-MITSUBISHI UFJ TRUST COMPANY, as a Documentation Agent and as a US Tranche Lender

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THE ROYAL BANK OF SCOTLAND plc, as a US Tranche Lender and as a UK Tranche Lender

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BMO CAPITAL MARKETS FINANCING, INC., as a US Tranche Lender

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By: _____
Name:
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TAIWAN BUSINESS BANK, as a US Tranche Lender

By: _____
Name:
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MEGA INTERNATIONAL COMMERCIAL BANK CO.,
LTD., NEW YORK BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

TAIPEI FUBON COMMERCIAL BANK, NEW YORK
AGENCY, as a US Tranche Lender

By: _____
Name:
Title:

HUA NAN COMMERCIAL BANK, LTD., LOS ANGELES
BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

HUA NAN COMMERCIAL BANK, LTD., NEW YORK
AGENCY, as a US Tranche Lender

By: _____
Name:
Title:

BANK OF COMMUNICATIONS CO., LTD., NEW YORK
BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

CHANG HWA COMMERCIAL BANK, LTD., NEW YORK
BRANCH, as a US Tranche Lender

By: _____
Name:
Title:

FIRST COMMERCIAL BANK, LOS ANGELES BRANCH, as
a US Tranche Lender

By: _____
Name:
Title:

**AMENDMENT NO. 5 TO THIRD AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT**

THIS AMENDMENT (this “**Amendment**”) is entered into as of May 15, 2009 by and among:

(a) Yellow Roadway Receivables Funding Corporation, a Delaware corporation (the “**Seller**” or “**YRRFC**”),

(b) YRC Worldwide Inc., a Delaware corporation (the “**Performance Guarantor**”),

(c) JPMorgan Chase Bank, N.A., SunTrust Bank, Wachovia Bank, National Association, and The Royal Bank of Scotland plc as successor to ABN AMRO Bank N.V. (each of the foregoing a “**Committed Purchaser**”),

(d) Falcon Asset Securitization Company LLC, Three Pillars Funding LLC and Amsterdam Funding Corporation (each of the foregoing, a “**Conduit**”),

(e) Wachovia Bank, National Association, as letter of credit issuer (the “**LC Issuer**”),

(f) SunTrust Robinson Humphrey, Inc., Wachovia Bank, National Association, The Royal Bank of Scotland plc as successor to ABN AMRO Bank N.V. and JPMorgan Chase Bank, N.A. (each of the foregoing, a “**Co-Agent**”), and

(g) JPMorgan Chase Bank, N.A., as administrative agent for the Groups (together with its successors and permitted assigns and in such capacity, the “**Administrative Agent**” and together with the Co-Agents, and their respective successors and permitted assigns, the “**Agents**”),

with respect to that certain Third Amended and Restated Receivables Purchase Agreement, dated as of April 18, 2008, among the Seller, the Committed Purchasers, the Conduits, LC Issuer and the Agents (as amended, restated, supplemented or otherwise modified from time to time, the “**RPA**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings attributed to such terms in the RPA.

2. Amendments.

(a) Exhibit I of the RPA is hereby amended by deleting from the definition of “Trigger Event” therein the following row from the table set forth therein:

For the fiscal quarter ending on June 30, 2009	\$ 45,000,000
--	---------------

3. Representations and Warranties. In order to induce the other parties to enter into this Amendment, (a) the Seller hereby represents and warrants to the Agents, the LC Issuer and the Purchasers that after giving effect to the amendment contained in Section 2 above, (i) no Servicer Default or Potential Servicer Default exists and is continuing as of the Effective Date (as defined herein), (ii) the RPA, as amended hereby, constitutes the legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and (iii) excluding Section 3.1(k) of the RPA solely insofar as it relates to the absence of a Material Adverse Effect of the type described in clause (i) of the definition of such term (as to which no representation or warranty is made hereby), each of the Seller's representations and warranties contained in the RPA is correct as of the Effective Date, and (b) the Performance Guarantor hereby consents to the amendment herein contained and ratifies and confirms that the Performance Undertaking remains in full force and effect.

4. Effective Date. This Amendment shall become effective (the "**Effective Date**") when each of the following conditions precedent has been satisfied or waived: (i) receipt by the Administrative Agent of counterparts of this Amendment, in form and substance acceptable to the Administrative Agent, duly executed by the Seller, the Performance Guarantor and the Required Co-Agents; (ii) receipt by the Administrative Agent of counterparts to the Amendment No. 6 to Credit Agreement dated as of the date hereof, duly executed by the Performance Guarantor, certain of its Canadian and United Kingdom Affiliates, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto; (iii) the Seller shall have paid the reasonable legal fees and disbursements of the Administrative Agent's counsel, Latham & Watkins LLP, invoiced on or prior to the date hereof; (iv) receipt by the Administrative Agent of counterparts of an Amendment Fee Letter dated as of the date hereof (the "**Amendment Fee Letter**") duly executed by YRRFC and each of the Co-Agents that is executing a counterpart of this Amendment; and (v) receipt by the applicable Co-Agents of their amendment fees pursuant to the Amendment Fee Letter.

5. Ratification. Except as modified hereby, the RPA is hereby ratified, approved and confirmed in all respects.

6. Reference to Agreement. From and after the Effective Date, each reference in the RPA to "this Agreement", "hereof", or "hereunder" or words of like import, and all references to the RPA in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the RPA, as modified by this Amendment.

7. Costs and Expenses. The Seller agrees to pay all reasonable costs, fees, and out-of-pocket expenses (including reasonable attorneys' fees and disbursements) incurred by the Agents in connection with the preparation, execution and enforcement of this Amendment.

8. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

9. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart via facsimile or other electronic transmission shall be deemed delivery of an original counterpart.

<Signature pages follow>

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date hereof.

YELLOW ROADWAY RECEIVABLES FUNDING CORPORATION

By: _____
Name:
Title:

YRC WORLDWIDE INC., as Performance Guarantor

By: _____
Name:
Title:

[Amendment No. 5]

SUNTRUST ROBINSON HUMPHREY, INC.,
as Three Pillars Agent

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Falcon Agent and as Administrative Agent

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as LC Issuer and as Wachovia Agent

By: _____
Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC,
as Amsterdam Agent

BY: *RBS SECURITIES INC, AS ITS AGENT*

By: _____
Name:
Title:

[Amendment No. 5]

**AMENDMENT NO. 6 TO THIRD AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT**

This **AMENDMENT NO. 6 TO THIRD AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT** (this "**Amendment**") is entered into as of May 20, 2009 by and among:

(a) Yellow Roadway Receivables Funding Corporation, a Delaware corporation (the "**Seller**" or "**YRRFC**"),

(b) YRC Worldwide Inc., a Delaware corporation (the "**Performance Guarantor**"),

(c) JPMorgan Chase Bank, N.A., SunTrust Bank, Wachovia Bank, National Association, and The Royal Bank of Scotland plc as successor to ABN AMRO Bank N.V. (each of the foregoing a "**Committed Purchaser**"),

(d) Falcon Asset Securitization Company LLC, Three Pillars Funding LLC and Amsterdam Funding Corporation (each of the foregoing, a "**Conduit**"),

(e) Wachovia Bank, National Association, as letter of credit issuer (the "**LC Issuer**"),

(f) SunTrust Robinson Humphrey, Inc., Wachovia Bank, National Association, The Royal Bank of Scotland plc as successor to ABN AMRO Bank N.V. and JPMorgan Chase Bank, N.A. (each of the foregoing, a "**Co-Agent**"), and

(g) JPMorgan Chase Bank, N.A., as administrative agent for the Groups (together with its successors and permitted assigns and in such capacity, the "**Administrative Agent**" and together with the Co-Agents, and their respective successors and permitted assigns, the "**Agents**"),

with respect to that certain Third Amended and Restated Receivables Purchase Agreement, dated as of April 18, 2008, among the Seller, the Committed Purchasers, the Conduits, LC Issuer and the Agents (as amended, restated, supplemented or otherwise modified from time to time, the "**RPA**").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings attributed to such terms in the RPA.

2. **Amendments.**

(a) **Section 7.1(d)** of the RPA is hereby amended and restated to read in its entirety as follows:

“(d) As at the end of any Calculation Period:

(i) the average of the Delinquency Ratios for each of the three consecutive Calculation Periods then most recently ended shall exceed (A) 3.50% at any time between February 27, 2009, and September 30, 2009, or (B) 2.50% at any other time;

(ii) the average of the Dilution Ratios for each of the three consecutive Calculation Periods then most recently ended shall exceed (A) 14.00% at any time between February 27, 2009, and September 30, 2009, or (B) 9.50% at any other time; or

(iii) the average of the Default Ratios for each of the three consecutive Calculation Periods then most recently ended shall exceed (A) 3.50% at any time between February 27, 2009, and September 30, 2009, or (B) 2.25% at any other time;

provided, however, in the case of each of the foregoing clauses (i), (ii) and (iii), all Receivables owing from General Motors Corporation, its successors or assigns or any of its Affiliates shall be excluded from all calculations of Delinquency Ratios, Dilution Ratios and Default Ratios for the month of May, 2009 and for each month thereafter.”

(b) Exhibit I to the RPA is hereby amended by amended and restating clause (i) of the definition of “Eligible Receivable” set forth therein to read in its entirety as follows:

“(i) a Receivable the Obligor of which, (a) if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States, (b) is not an Affiliate of any of the parties hereto and (c) is not General Motors Corporation, its successors or assigns or any of its Affiliates,”

(c) Exhibit I to the RPA is hereby further amended by inserting a definition of “Excluded Receivables” therein to read in its entirety as follows:

“**Excluded Receivables**” means all rights to payment owing from General Motors Corporation, its successors or assigns or any of its Affiliates arising after May 20, 2009.

(d) Exhibit I to the RPA is hereby further amended by amended and restating the definition of “Receivable” set forth therein to read in its entirety as follows:

“**Receivable**” means the indebtedness and other obligations owed (at the time it arises, and before giving effect to any transfer or conveyance contemplated under the Sale Agreement or hereunder) to an Originator other than Excluded

Receivables, whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the provision of freight shipping and ancillary services by such Originator and includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual Invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction.

3. Representations and Warranties. In order to induce the other parties to enter into this Amendment, (a) the Seller hereby represents and warrants to the Agents, the LC Issuer and the Purchasers that after giving effect to the amendment contained in Section 2 above, (i) no Servicer Default or Potential Servicer Default exists and is continuing as of the Effective Date (as defined herein), (ii) the RPA, as amended hereby, constitutes the legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and (iii) excluding Section 3.1(k) of the RPA solely insofar as it relates to the absence of a Material Adverse Effect of the type described in clause (i) of the definition of such term (as to which no representation or warranty is made hereby), each of the Seller's representations and warranties contained in the RPA is correct as of the Effective Date, and (b) the Performance Guarantor hereby consents to the amendment herein contained and ratifies and confirms that the Performance Undertaking remains in full force and effect.

4. Effective Date. This Amendment shall become effective (the "**Effective Date**") when the Administrative Agent shall have received counterparts of this Amendment, in form and substance acceptable to the Administrative Agent, duly executed by the Seller, the Performance Guarantor and the Required Co-Agents.

5. Further Assurances. The Administrative Agent agrees, at the Seller's sole cost and expense, to deliver such UCC financing statement amendments as may be reasonably necessary or appropriate to effectuate the purposes of this Amendment.

6. Ratification. Except as modified hereby, the RPA is hereby ratified, approved and confirmed in all respects.

7. Reference to Agreement. From and after the Effective Date, each reference in the RPA to "this Agreement", "hereof", or "hereunder" or words of like import, and all references to the RPA in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the RPA, as modified by this Amendment.

8. Costs and Expenses. The Seller agrees to pay all reasonable costs, fees, and out-of-pocket expenses (including reasonable attorneys' fees and disbursements) incurred by the Agents in connection with the preparation, execution and enforcement of this Amendment, including, without limitation, the costs and expenses contemplated in Section 5 hereof.

9. **CHOICE OF LAW.** THIS AMENDMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

10. **Execution in Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart via facsimile or other electronic transmission shall be deemed delivery of an original counterpart.

<Signature pages follow>

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date hereof.

YELLOW ROADWAY RECEIVABLES FUNDING CORPORATION

By: _____
Name:
Title:

YRC WORLDWIDE INC., as Performance Guarantor

By: _____
Name:
Title:

[Amendment No. 6]

SUNTRUST ROBINSON HUMPHREY, INC.,
as Three Pillars Agent

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Falcon Agent and as Administrative Agent

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as LC Issuer and as Wachovia Agent

By: _____
Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC,
as Amsterdam Agent

BY: *RBS SECURITIES INC, AS ITS AGENT*

By: _____
Name:
Title:

[Amendment No. 6]

CONTRIBUTION DEFERRAL AGREEMENT

dated as of June 17, 2009

by and between

**YRC, INC.,
USF HOLLAND, INC.,
NEW PENN MOTOR EXPRESS, INC.,
USF REDDAWAY INC.,**

and

**the TRUSTEES for the
CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS PENSION FUND**

and the other Funds (as defined herein) from time to time a party hereto

and

**WILMINGTON TRUST COMPANY,
as Agent**

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CONTRIBUTION DEFERRAL AGREEMENT

This Contribution Deferral Agreement (this "Agreement") is entered into as of June 17, 2009 (the "Agreement Date"), by and between (i) YRC, INC., a Delaware corporation ("YRC"); USF HOLLAND, INC., a Michigan corporation ("Holland"); NEW PENN MOTOR EXPRESS INC., a Pennsylvania corporation ("New Penn") USF REDDAWAY INC., an Oregon corporation ("Reddaway") (each of YRC, Holland, New Penn and Reddaway a "Primary Obligor", and collectively, the "Primary Obligors"); (ii) the TRUSTEES for the CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS PENSION FUND (the "CS Pension Fund"), and each other pension fund which executes a joinder substantially in the form of Exhibit A attached hereto (each a "Joinder") (each of the CS Pension Fund and such other pension funds a "Fund", and collectively, the "Funds") and (iii) Wilmington Trust Company, as agent for the Funds (together with its successors and assigns, in such capacity, the "Agent"). The Obligors, the Funds and the Agent are herein individually each referred to as a "Party," and together referred to as the "Parties".

RECITALS

WHEREAS, the Primary Obligors and certain of their employees who are represented by the International Brotherhood of Teamsters (the "Teamsters") have previously entered into the 2008-2013 National Master Freight Agreement and its Supplements (as amended, modified and supplemented from time to time, the "CBA"), which, among other things, provides that the Primary Obligors will generally make certain contributions to the Funds based on hours worked by covered employees;

WHEREAS, the Primary Obligors and the CS Pension Fund have previously entered into a deferral agreement, pursuant to which such Parties agreed that contributions otherwise due to the CS Pension Fund from the Primary Obligors under the CBA on or about February 15, 2009 (with respect to service rendered by employees during January 2009 the terms and conditions of employment of which are subject to the CBA and as further described on Schedule 1.01(h), the "February Pension Payment") would be paid to the CS Pension Fund by the Primary Obligors on May 15, 2009 (or such later date as mutually agreed) rather than on the date otherwise required pursuant to the applicable participation agreement between each Primary Obligor and the CS Pension Fund;

WHEREAS, the Primary Obligors have provided the Funds with certain information regarding their financial status, ongoing projected cash flow and their resulting ability to make certain of the contributions required under the CBA;

WHEREAS, the Primary Obligors and the Funds each desire to enter into this Agreement to defer the time of payment required of the Primary Obligors of certain contributions due to the Funds from the Primary Obligors under the CBA (such deferral, in accordance with the terms and conditions set forth herein, the "Payment Deferral"); and

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following capitalized terms have the meanings specified below:

“Adjusted Gross Book Value” means 50% percent of the Gross Book Value of the Second Priority Collateral as determined at the time and from time to time such Second Priority Collateral is provided to the Agent, on behalf of the Funds.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” has the meaning given to that term in the introductory paragraph hereof.

“Agreement Date” has the meaning given to that term in the introductory paragraph of this Agreement.

“April Pension Payment” means the payment required of each of the applicable Primary Obligor to the applicable Funds and in the amounts separately identified on Schedule 1.01(a) (as amended or supplemented from time to time pursuant to a Joinder Agreement) on April 15, 2009 pursuant to the CBA and the applicable participation agreement between the applicable Primary Obligor and the applicable Fund with respect to hours worked by collectively bargained employees of the Obligor during March 2009.

“Asset Sale” means any sale, transfer or other disposition by an Obligor to any Person of any real property set forth on Schedule 1.01(b) other than sales, transfers or other dispositions of any such property by an Obligor to another Obligor (so long as all actions necessary to maintain the perfection of the Agent’s first-priority Lien on such First Priority Collateral are taken).

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City, New York or Wilmington, Delaware are authorized or required by law to remain closed.

“CBA” has the meaning given to that term in the recitals of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

“Collateral” means collectively the First Priority Collateral and the Second Priority Collateral.

“Collateral Documents” means, collectively, the Mortgages and all other agreements, instruments and documents executed in connection with this Agreement that are

intended to create, evidence or perfect Liens to secure the Obligations, including all other mortgages, deeds of trust, collateral trust agreements, intercreditor agreements or collateral sharing agreements, guarantees, subordination agreements, powers of attorney, consents, assignments, contracts, notices, financing statements and all other written matter whether heretofore, now, or hereafter executed by an Obligor and delivered to the Agent, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“CS Health and Welfare Fund” means Central States, Southwest and Southwest Areas Health and Welfare Fund.

“CS Pension Fund” has the meaning set forth in the recitals hereto.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Deferred Pension Payment” means with respect to the CS Pension Fund, the February Pension Payment, and with respect to the CS Pension Fund and the other Funds, the April Pension Payment, the May Pension Payment, the June Pension Payment and each Other Deferred Pension Payment (collectively, such payments, the “Deferred Pension Payments”).

“Effective Date” means, with respect to each of the Deferred Pension Payments, the date such payment is due under the terms of the applicable participation agreement between the applicable Primary Obligor and the applicable Fund absent this Agreement, and therefore, subject to the satisfaction of the conditions to deferral set forth herein for such payment, such date is the effective date of the Payment Deferral with respect to such payment hereunder. The Effective Date of each Deferred Pension Payment shall be set forth on Schedules 1.01(a), (c), (d), (f) and (h) (as amended or supplemented from time to time by a Joinder Agreement).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with any Obligor, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

“Event of Default” has the meaning set forth in Article VIII.

“Excess Cash Amount” means, at any time, an amount equal to the positive difference between the actual Liquidity of Parent and its Subsidiaries as of such date and Liquidity in an amount equal to \$250,000,000.

“February Pension Payment” has the meaning given to that term in the recitals of this Agreement.

“First Priority Collateral” means any and all real property owned, by an Obligor covered by the Collateral Documents and any and all other property of any Obligor, now existing or hereafter acquired, that may at any time be or become subject to a first priority security interest or Lien (subject to Permitted Liens and subordinate Liens created under the Senior Credit Facility) in favor of or for the benefit of the Agent, on behalf of itself and the Funds, to secure the Obligations. The First Priority Collateral shall be limited to the real property described on Schedule 1.01(b) (and the property described in the Mortgages encumbering such real property), in each case subject to the terms herein and the Intercreditor Agreement.

“First Priority Title Policies” has the meaning ascribed to such term in Section 6.01(a)(iii).

“Fund” and “Funds” have the meanings assigned to such terms in the heading of this Agreement; provided, that a pension fund shall only be permitted to join this Agreement pursuant to the terms of the Joinder Agreement(s) on or before August 15, 2009.

“Fund Documents” means this Agreement, the Guarantee, the Intercreditor Agreement, the Joinders and the Collateral Documents.

“GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time.

“Gross Book Value” shall have the meaning assigned to such term by GAAP.

“Guarantee” means that (i) certain Non-Recourse Guarantee, by and among each Guarantor party thereto from time to time and the Agent, on behalf of itself and the Funds and (ii) any other non-recourse guarantee, by and among a Guarantor and the Agent on behalf of itself and the Funds and any other party thereto. It is understood and agreed that (x) only Affiliates of the Primary Obligors executing a Mortgage shall be required to execute the Guarantee and (y) recourse under the Guarantee with respect to any Guarantor shall be limited to its owned real property subject to any Mortgage (and the property described in such Mortgage). The Guarantee shall be substantially in the form attached hereto as Exhibit D hereto or such other form as is reasonably acceptable to the Primary Obligors, Agent and CS Pension Fund.

“Guarantors” means each Affiliate of the Primary Obligors who executes the Guarantee.

“Holland” has the meaning assigned to such term in the heading of this Agreement.

“Indemnitee” has the meaning assigned to such term in Section 11.02.

“Intercreditor Agreement” mean an intercreditor agreement by and among the Agent, on behalf of the Funds, and the Senior Administrative Agent.

“June Pension Payment” means the payment required of each of the applicable Primary Obligors to the applicable Funds and in the amounts separately identified on Schedule 1.01(c) (as amended or supplemented from time to time pursuant to a Joinder Agreement) on or about June 15, 2009 pursuant to the CBA and the applicable participation agreement between the applicable Primary Obligor and the applicable Fund with respect to hours worked by collectively bargained employees of the Primary Obligors during May 2009.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“Liquidity” shall have the meaning set forth in the Senior Credit Facility as of the Agreement Date.

“Majority Funds” means, at any time, Funds having outstanding Deferred Pension Payments representing at least 50.1% of the sum of the total outstanding Deferred Pension Payments for all Funds at such time.

“Material Adverse Effect” means (a) a material adverse effect on (i) the business, assets, operations or condition, financial or otherwise, of the Parent and its subsidiaries taken as a whole, (ii) the ability of the Obligors to perform any of their respective obligations under the Fund Documents or (iii) the rights of or benefits available to the Funds (or the Agent, on behalf of the Funds) under this Agreement and the other Fund Documents or (b) a material impairment of a material portion of the Collateral or of any Lien on any material portion of the Collateral in favor of or for the benefit of the Agent and/or the Funds or the priority of such Liens.

“May Pension Payment” means the payment required of each of the applicable Primary Obligors to the applicable Funds and in the amounts separately identified on Schedule 1.01(d) (as amended or supplemented pursuant to a Joinder Agreement) on or about May 15, 2009 pursuant to the CBA and the applicable participation agreement between the applicable Primary Obligors and the applicable Funds with respect to hours worked by collectively bargained employees of the Obligors during April 2009.

“Mortgage” means each mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of or for the benefit of the Agent, on behalf of itself and the Funds, on real property owned by an Obligor. The form of mortgage for each of the First Priority Collateral and Second Priority Collateral is attached hereto as Exhibit B-1 and B-2, respectively.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA with respect to which the Company or any of its ERISA Affiliates has or may have any liability, contingent or otherwise.

“Net Cash Proceeds” means, with respect to any event, (a) the cash proceeds received in respect of such event including any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal

pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event and (ii) except in the case of the real property set forth on Schedule 1.01(b), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Deferred Pension Payments) secured by such asset or otherwise subject to mandatory prepayment as a result of such event.

“New Penn” has the meaning assigned to such term in the heading of this Agreement.

“Obligations” means the due and punctual payment of (a) all Deferred Pension Payments, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Deferred Pension Payments when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (b) all other indemnities, fees, costs, and expenses (including, without limitation, the fees and expenses of the Agent, Agent’s sub-agents and legal counsel reimbursable hereunder), whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Obligor under this Agreement and the other Fund Documents.

“Other Deferred Pension Payments” means the payment required of each of the applicable Primary Obligors to the applicable Funds and in the amounts and as of the dates separately identified on Schedule 1.01(f), in each case as amended by each Joinder Agreement, as applicable; provided, that in the absence of consent by the Majority Funds, in no event shall any Fund defer more than three (3) monthly pension payments owed by the Primary Obligors to such Fund or their Affiliates (or four (4) monthly pension payments in the case of CS Pension Fund).

“Obligor” and “Obligors” shall mean the Primary Obligors and the Guarantors.

“Parent” means YRC Worldwide Inc.

“Party” and “Parties” have the meanings assigned to such terms in the heading of this Agreement.

“Payment Deferral” has the meaning set forth in the recitals hereto.

“Pension Interest Rate” means, with respect to any Fund and such Fund’s Deferred Pension Payments, the rate of interest per annum set forth in such Fund’s Pension Trust as set forth on Schedule 1.01(g) (as supplemented or amended by a Joinder Agreement).

“Pension Trust” means with respect to any Fund, trust documentation that creates and governs the Fund.

“Permitted Lien” shall mean (a) Liens described in (i) clauses (a), (b), (e), and (f) of the definition of “Permitted Encumbrances” and (ii) Sections 6.02(i) in each case in the Senior Credit Facility as of the date hereof, (b) as to any property comprising Collateral, exceptions set forth in the Title Policy for such property, (c) Liens granted pursuant to the Bank Group Security Documents (as defined in the Intercreditor Agreement) subject to the terms of the Intercreditor Agreement and (d) Liens arising in the ordinary course of business securing obligations (other than debt for borrowed money) in an amount not to exceed \$1,000,000 at any time.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership or other entity.

“Primary Obligor” and “Primary Obligors” shall have the meanings assigned to such terms in the heading of this Agreement.

“Promissory Note” means a promissory note evidencing the Deferred Pension Payments owed to any Fund by the applicable Primary Obligor. Each Promissory Note shall be substantially in the form of Exhibit C attached hereto.

“Projections” shall have the meaning set forth in Section 3.05.

“Reddaway” has the meaning assigned to such term in the heading of this Agreement.

“Release Event” shall have the meaning set forth in Section 11.17.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, trustees, employees, agents and advisors of such Person and such Person’s Affiliates.

“Responsible Officer” means the chief financial officer, principal accounting officer, treasurer, controller or any vice president whose duties include monitoring compliance with this Agreement by the Obligors, and when used with respect to the Agent, the officer in the Corporate Capital Markets division at the Corporate Trust Office of the Agent having direct responsibility for the administration of this Agreement.

“Second Priority Collateral” means any and all real property owned by an Obligor covered by the Collateral Documents and any and all other property of any Obligor now existing or hereafter acquired, that may at any time be or become subject to a second priority security interest or Lien (subject to Permitted Liens and subordinate to Liens created under the Senior Credit Facility pursuant to the Intercreditor Agreement) in favor of or for the benefit of the Agent, on behalf of itself and the Funds, to secure the Obligations. The Second Priority Collateral shall be limited to the real property described on Schedule 1.01(e) (and the property described in the Mortgages encumbering such real property), subject in each case to the terms herein and the Intercreditor Agreement.

“Section Priority Title Policies” shall have the meaning set forth in Section 6.01(b)(iii).

“Senior Administrative Agent” means the administrative agent (including any successor or assign thereof) under the Senior Credit Facility.

“Senior Credit Facility” means that certain Credit Agreement, dated as of August 17, 2007 among YRC Worldwide Inc., a Delaware corporation, the Canadian Borrowers (as defined therein), the UK Borrowers (as defined therein), the Lenders party thereto from time to time, JPMorgan Chase Bank, National Association, Toronto Branch, as Canadian Agent, J.P. Morgan Europe Limited, as UK Agent, and JPMorgan Chase Bank, National Association, as Administrative Agent, as amended, modified, supplemented, restated, renewed, replaced, refinanced or extended from time to time.

“Senior Credit Facility Event of Default” shall have the meaning set forth in Article VIII(d).

“Taxes” means any and all present or future taxes, penalties, levies, imposts, duties, deductions, charges or withholdings imposed by any governmental authority.

“Title Policy” or “Title Policies” shall have the meaning set forth in Section 6.01(b)(iii).

“13-Week Cash Flow Projections” shall have the meaning set forth in Section 6.02(e).

“Transactions” means the execution, delivery and performance by the Obligors and Funds of this Agreement and the execution, delivery and performance by the Obligors of the other Fund Documents (including the granting of the Liens to the Agent, for the benefit of itself and the Funds, granted thereby).

“US Dollars” or “\$” means the lawful money of the United States of America.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“YRC” has the meaning assigned to such term in the heading of this Agreement.

SECTION 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. References to the plural include the singular, and references to the singular include the plural. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context expressly requires otherwise:

(a) Except where expressly stated otherwise herein, any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, restated, supplemented, otherwise modified, renewed, refinanced, replaced or extended (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein);

(b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns;

(c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(d) all references herein to articles, sections, exhibits and schedules shall be construed to refer to Articles and Sections of, and exhibits and schedules to, this Agreement;

(e) any capitalized terms used in any schedule or exhibit attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement; and

(f) the term "knowledge" or "aware" shall mean the actual knowledge of a Responsible Officer.

ARTICLE II

Deferred Contributions

SECTION 2.01. Pension Contributions. Subject to the terms and conditions set forth herein, the Funds on a several basis and the Primary Obligors, on a joint and several basis, hereby agree that each of the Deferred Pension Payments shall not be made on their applicable Effective Dates, but instead shall be made by the Primary Obligors to the Funds in (i) one payment of \$3,571,405 on or before June 30, 2009 and thereafter (ii) thirty-six equal monthly installments payable on the 15th day of each calendar month commencing January 15, 2010 (or, as to any Deferred Pension Payment owed to any Fund, on such later dates as may be mutually agreed by the applicable Primary Obligors and such Fund directly affected by such extension with prior notice to the Agent).

SECTION 2.02. Interest. Interest shall accrue with respect to each Deferred Pension Payment (or, as applicable, the unpaid portion thereof) at the Pension Interest Rate from its Effective Date until the date such Deferred Pension Payment has been paid to the applicable Fund in full. Accrued interest on each Deferred Payment shall be payable in arrears on the fifteenth day of each calendar month commencing on July 15, 2009 and upon termination of this Agreement; provided, that all interest accruing and unpaid from each applicable Effective Date through the date such Fund becomes a party to this Agreement with respect to such Deferred Pension Payment shall be capitalized, compounded and added to the applicable Deferred Pension Payment, in each case as described on Schedules 1.01(a), (c), (d), (f) and (h). Interest payable pursuant to this Section 2.02 shall be computed on the basis of a 365 day or 366 day year, as the case may be.

SECTION 2.03. Prepayments.

(a) Asset Sales. In the event of receipt of Net Cash Proceeds from any Asset Sale or any casualty or condemnation event with respect to real property described on Schedule 1.01(b), the Obligors shall, within five (5) Business Days after receipt of such Net Cash Proceeds, prepay the Obligations in an aggregate amount equal to 100% of such Net Cash Proceeds.

(b) Excess Cash Proceeds. If the Liquidity of Parent and its subsidiaries is greater than \$250,000,000, the Obligors shall, within 5 Business Days, make a prepayment in respect of the Deferred Payments equal to the Excess Cash Amount; *provided*, that after giving effect to such payment, Liquidity shall be equal to \$250,000,000; *provided*, further, that notwithstanding anything to contrary in this Section 2.03(b) in no event shall the Obligors be required to make such prepayment unless and until the Excess Cash Amount is equal to or greater than \$1,000,000 at any time.

(c) Optional. Obligors shall have the right at any time and from time to time, without premium or penalty, to prepay any of the Obligations in whole or in part either with or without prior notice, in the sole discretion of the Obligors.

(d) Application of Prepayments. Any mandatory prepayments pursuant to Sections 2.03(a) or (b) shall be applied ratably to all Deferred Pension Payments and shall be applied pro rata across the remaining installment payments. Any optional prepayment hereunder shall be applied ratably to all Deferred Pension Payments in direct order of scheduled payment.

SECTION 2.04. Payments Generally; Allocations of Proceeds; Pro Rata Treatment.

(a) Each Primary Obligor shall make each payment required to be made by it hereunder or under any other Fund Document (whether of Deferred Pension Payment, interest, fees or otherwise) prior to the time expressly required hereunder or under such other Fund Document for such payment (or, if no such time is expressly required, prior to 3:00 p.m. Central Standard Time), on the date when due, in immediately available funds, without set-off or counterclaim. All such payments shall be made to the Agent to the applicable account specified in Schedule 2.04 or, in any such case, to such other account as the Agent shall from time to time specify in a notice delivered to the Primary Obligors. The Agent shall distribute any such payments received by it to for the account of the appropriate Fund in accordance with such Schedule 2.04 promptly following receipt thereof. If any payment hereunder or under any other Fund Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under any Fund Document shall be made in US Dollars. Any payment required to be made by the Obligors hereunder shall be deemed to have been made by the time required if the Obligors shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Obligors to make such payment so long as such payment shall be received by the Agent or the Funds, as applicable, within one (1) Business Day of such steps being taken and the Primary Obligors shall have provided written notice to the Agent (for further distribution to the Funds) of such steps on the day such steps were undertaken.

(b) If at any time insufficient funds are received by and available to the Agent to pay fully all amounts of Deferred Pension Payment, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of Deferred Pension Payments then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of Deferred Pension Payments then due to such parties.

(c) If at any time a Fund receives amounts in excess of its ratable share of the amount then distributed by the Agent, such Fund shall immediately remit such excess amounts to the Agent for redistribution.

(d) If the Agent shall receive any proceeds of Collateral (i) not constituting a specific payment of Deferred Pension Payments, interest, fees or other sum payable under the Fund Documents (which shall be applied as specified in Section 2.03) or (ii) after an Event of Default has occurred and is continuing and the Majority Funds so direct in writing, such funds shall be applied ratably first, to pay any fee or expense reimbursements including amounts then due to the Agent from any Obligor (including, without limitation, the fees and expenses of the Agent's sub-agents and one legal counsel), second, to pay any expense reimbursements then due to the Funds from any Obligor, third, to pay interest then due and payable on the Deferred Pension Payments ratably, and fourth, to pay Deferred Pension Payments then due and payable ratably or as a court of competent jurisdiction shall direct.

ARTICLE III

Representations and Warranties of the Obligors

Each Primary Obligor represents and warrants to the Agent and each of the Funds that:

SECTION 3.01. Organization; Powers. Each of the Primary Obligors (a) is organized, validly existing and in good standing (to the extent that such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization or incorporation as applicable, and (b) has all corporate or organizational requisite corporate power and authority to carry on its business as now conducted.

SECTION 3.02. Authorization; Enforceability. The Payment Deferral and entry into the Transactions each are within each Primary Obligor's corporate or organizational powers and have been duly authorized by all necessary organizational and, if required, stockholder or shareholder action. Each Primary Obligor has all requisite corporate or organizational power to carry out and perform its obligations under the terms of this Agreement. The Fund Documents to which each Primary Obligor is a party have been duly executed and delivered by such Primary Obligor. This Agreement and each of the Fund Documents to which any Primary Obligor is a party constitutes the legal, valid and binding obligation of each Primary Obligor, enforceable

against the Primary Obligor in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. No Violation. The Transactions:

(a) do not require any consent or approval of, registration or filing with, or any other action by, any governmental authority, except such as have been obtained or made and are in full force and effect and except for (i) filings and other actions necessary to perfect Liens created pursuant to the Fund Documents and (ii) filings and other actions necessary to release or subordinate any existing Liens;

(b) will not violate any applicable law or regulation applicable to the Obligors or any order of any governmental authority;

(c) will not violate the charter, by-laws or other organizational or constitutional documents of the Obligors; or

(d) will not violate or result in a default under the Senior Credit Facility,

except in each case (other than clause (d)), such consents, approvals, registrations, filings or other actions the failure of which to obtain or make, or, in the case of clause (b) at any time after the date hereof, to the extent such violations, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.04. Inability to Make Certain Limited Payments. Solely with respect to the February Pension Payment, the April Pension Payment and the May Pension Payment, each Primary Obligor was unable to make such Deferred Pension Payments as of the applicable Effective Date and remains unable to do so as of the date hereof. Solely with respect to the June Pension Payment, each Primary Obligor is unable to make such Deferred Pension Payments as of the applicable Effective Date.

SECTION 3.05. Financial Condition. As of the Agreement Date, the Parent has furnished to the Funds its consolidated balance sheet and statements of income, stockholders equity and cash flows (a) as of and for the fiscal year ended December 31, 2008, reported on by KPMG LLP, independent public accountants, and (b) as of and for the fiscal quarter ended March 31, 2009. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Parent and its consolidated subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (b) above. As of the Agreement Date, the written projected financial information, dated as of May 29, 2009, delivered by the Obligors (or their advisors) to the CS Pension Fund and their advisors (the "Projections") was prepared in good faith based upon assumptions believed to be reasonable by senior management at the time, it being recognized by the Funds and Agent that the Projections are not to be viewed as facts and that the actual results during the period or periods covered by such Projections may differ from the projected results and such differences may be material. Based on the Projections, as of the Agreement Date, the Obligors do not expect to be able to repay the Deferred Pension Payments on a date earlier than is required by this Agreement.

SECTION 3.06. Covenants. The Obligors have performed all of the conditions precedent specified in Article V that are required to be performed by the Obligors hereunder prior to the date hereof.

ARTICLE IV

Representations and Warranties of the Funds

Each Fund severally represents and warrants to the Agent and each of the Obligors, as to itself, that:

SECTION 4.01. Authority and Enforceability. The Trustees of such Fund have full power, right and authority to enter into this Agreement in the name of and on behalf of such Fund and to perform its obligations under the terms of this Agreement. This Agreement has been duly executed and delivered by the Trustees of such Fund and constitutes the legal, valid and binding obligation of such Fund, enforceable against such Fund in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 4.02. Acknowledgment. Except as expressly set forth herein or in the Fund Documents, each Fund acknowledges that no Obligor has made in connection with this Agreement, and is not making in this Agreement or any of the other Fund Documents, any representation or warranty as to the business, properties, condition (financial or otherwise), risks, results of operations, prospects or any other aspect of the operations of the Obligor or its subsidiaries. Each Fund also acknowledges that it has adequate information and has made its own independent investigation concerning the business, properties, condition (financial or otherwise), risks, results of operations and prospects of each Obligor and its subsidiaries taken as a whole to make an informed decision regarding its Payment Deferral.

ARTICLE V

Conditions Precedent

SECTION 5.01. Effective Date. The agreement of the Funds to allow deferral of the Deferred Pension Payments hereunder to such dates specified in Article II shall not become effective until the date on which each of the following conditions is satisfied (or waived):

(a) The Agent (or its counsel) and CS Pension Fund (or its counsel) shall have received from each Primary Obligor and, if applicable, each Guarantor either (i) a counterpart of this Agreement, the Guarantee (to the extent any such Guarantor is executing a Mortgage in favor of the Agent as of such date), if then required in connection with providing the First Priority Collateral, the Intercreditor Agreement and, to the extent then available, each Mortgage

signed on behalf of such party or (ii) written evidence satisfactory to the Agent and the CS Pension Fund (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement, the Guarantee, the Intercreditor Agreement and each Mortgage, then available.

(b) With respect to the June Pension Payment, deferral of such payments pursuant to this Agreement by the applicable Fund shall be subject to (i) the Primary Obligors representation and warranty that such Primary Obligors are unable to make such Deferred Pension Payments as of the applicable Effective Dates and (ii) a determination by the Trustees of the such Fund that such deferral is consistent with their fiduciary obligations under ERISA.

(c) (i) The Agent shall have received payment for all invoiced fees and reasonable out-of-pocket expenses earned, due and payable on or before the Agreement Date, and (ii) the Funds shall have received payment for all invoiced reasonable out-of-pocket expenses due and payable on or prior to the Agreement Date.

ARTICLE VI

Affirmative Covenants

Until the Obligations shall have been paid in full (other than contingent obligations not due and owing), the Primary Obligors covenant and agree with the Agent and the Funds that:

SECTION 6.01. Conditions Subsequent.

(a) To the extent not completed on or before the Agreement Date, within 30 days of the Agreement Date (or 45 days in the case of requirements with respect to any First Priority Collateral located in the United Mexican States or such later date as agreed by the Majority Funds), the Obligors shall:

(i) execute and deliver the Collateral Documents necessary (as determined by CS Pension Fund) to provide the Agent, on behalf of itself and the Funds, a perfected first priority security interest (subject to Permitted Liens) in the real property set forth on Schedule 1.01(b);

(ii) deliver an opinion of counsel (which counsel shall be reasonably satisfactory to CS Pension Fund; *provided* that any counsel that provided an opinion to the Senior Administrative Agent in connection with the creation of Liens securing the Senior Credit Facility shall be deemed to be reasonably satisfactory to CS Pension Fund) in each state in which First Priority Collateral is located with respect to the enforceability of the form(s) of Mortgages to be recorded in such state, in each case in form and substance reasonably satisfactory to the CS Pension Fund;

(iii) deliver ALTA mortgagee title insurance policies (which may be in the form of mark-ups of title commitments executed and otherwise binding by and upon the applicable title insurance company, so long as the final clean copy of such policy is delivered to the Agent within a reasonable time thereafter) issued by Chicago Title Insurance Company or one or more

title companies selected by the Obligors and reasonably satisfactory to CS Pension Fund with respect to each real property constituting First Priority Collateral in accordance with the terms of this Agreement (each, a “First Priority Title Policy”), in amounts not less than the Gross Book Value of such property insuring the Agent’s (on behalf of itself and the Funds) security interest in such real property subject only to Liens permitted pursuant to clauses (a) and (c) of the definition of “Permitted Liens” and other exceptions reasonably acceptable to CS Pension Fund; and

(iv) cause any Affiliate, who has not previously executed the Guarantee (or in the case of an Affiliate organized under the laws of the United Mexican States such other documentation required to provide the Agent, on behalf of the Funds, a perfected security interest in the First Priority Collateral owned by such Person), but is executing a Mortgage, to execute and deliver the Guarantee to the Agent, on behalf of the Funds.

(b) The Obligors shall, within 60 days (or such later date as agreed by the Majority Funds) of the later of the applicable Effective Date and the date such requisite lender consent is obtained:

(i) execute and deliver the Collateral Documents necessary to provide the Agent, on behalf of itself and the Funds, a perfected second priority security interest (subject to Permitted Liens and subordinate to Liens created under the Senior Credit Facility pursuant to the terms of the Intercreditor Agreement) in properties listed on Schedule 1.01(e); *provided*, that in no event shall the Obligors be required to provide the Agent, on behalf of itself and the Funds, a Lien on Second Priority Collateral which has an Adjusted Gross Book Value (as of such date) which exceeds the difference between (A) the outstanding Deferred Pension payments minus (B)(I) the Gross Book Value of the First Priority Collateral and (II) the Adjusted Gross Book Value of the then existing Second Priority Collateral as certified by the Obligors to the Agent;

(ii) deliver an opinion of counsel (which counsel shall be reasonably satisfactory to CS Pension Fund; *provided* that any counsel that provided an opinion to the Senior Administrative Agent in connection with the creation of Liens securing the Senior Credit Facility shall be deemed to be reasonably satisfactory to CS Pension Fund) in each state in which Second Priority Collateral is located with respect to the enforceability of the form(s) of Mortgages to be recorded in such state, in each case in form and substance reasonably satisfactory to CS Pension Fund; and

(iii) deliver ALTA mortgagee title insurance policies (which may be in the form of mark-ups of title commitments executed and otherwise binding by and upon the applicable title insurance company, so long as the final clean copy of such policy is delivered to the Agent within a reasonable time thereafter) issued by Chicago Title Insurance Company or one or more title companies selected by the Obligors and reasonably satisfactory to CS Pension Fund with respect to each real property constituting Second Priority Collateral in accordance with the terms of this Agreement (each, a “Second Priority Title Policy” and collectively with the First Priority Title Policies, the “Title Policies” or any of them a “Title Policy”), in amounts not less than the Gross Book Value of such properties insuring the Agent’s (on behalf of itself and the Funds) security interest in such real property subject only to Liens permitted pursuant to clauses (a) and (c) of the definition of “Permitted Liens” and other exceptions reasonably acceptable to CS Pension Fund.

SECTION 6.02. Reporting and Notices. The Obligors shall provide the following reporting and notices to the Agent (for further distribution to the Funds) and CS Pension Fund:

(a) on or before the fifth Business Day of each fiscal month, the calculation of Liquidity in respect of each Business Day of the previous fiscal month via e-mail PDF (or other electronic format reasonably acceptable to CS Pension Fund) to the CS Pension Fund;

(b) promptly, but in any event no later than the seventh Business Day following receipt or delivery of the same, a copy of any notice of the occurrence of any Event of Default (as defined in the Senior Credit Facility) under the Senior Credit Facility;

(c) promptly, but in any event no later than the seventh Business Day following any Responsible Officer of the Obligors becoming aware thereof, written notice of any Default or Event of Default hereunder;

(d) promptly, written notice that the 13-Week Cash Flow Projections and related variance reports are not longer required to be delivered to the Senior Administrative Agent (and Agent and Fund may conclusively rely thereon until such time as the Primary Obligors may be required to resume delivery of such 13-Week Cash Flow Projections and related variance reports in accordance herewith);

(e) within 30 days after the end of each fiscal month (of each of the first two months in any fiscal quarter) of the Parent, the Parent's unaudited consolidated balance sheet and related unaudited statements of operations and cash flows as of the end of and for such fiscal month and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, subject to normal year-end audit adjustments and the absence of footnotes;

(f) on or before the fifth Business Day of each fiscal month, commencing on the fifth business day of July 2009, projections of the weekly cash flows for the 13-week period commencing on the first day of such fiscal month (the "13-Week Cash Flow Projections") which (i) reflect the Parent's and its Domestic Subsidiaries' (as defined in the Senior Credit Facility) consolidated projected cash receipts and cash expenditures for their corporate and other operations and (ii) contain comments of management of the Company and, if then engaged, comments of the Parent's Financial Advisor (as defined in the Senior Credit Facility); provided that, Primary Obligors only shall be obligated to provide such 13-Week Cash Flow Projection and commentary to the Agent and Funds so long as the Parent is required to deliver such 13-Week Cash Flow Projections and commentary to the Senior Administrative Agent; and

(g) on or before the fifth Business Day of each fiscal month commencing on the fifth Business Day of August 2009, to the extent that the Primary Obligors are providing the 13-Week Cash Flow Projection, a variance report reflecting on a line-item basis the actual disbursements and receipts for the previous calendar month and the percentage variance of such actual results from those projected for such previous calendar month on the most current 13-Week

Cash Flow Projections delivered under the terms of this Agreement prior to such date; provided that, Primary Obligors only shall be obligated to provide such variance report to the Agent and Funds so long as the Parent is required to deliver such variance report to the Senior Administrative Agent.

SECTION 6.03. Financial Advisor. Each Primary Obligor will permit the financial advisor(s) retained by the Funds, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers, all at such reasonable times and as often as reasonably requested so long as such inspection does not unduly interfere with such Primary Obligor's business. Subject to Section 11.01, such reasonable inspections and examinations by or on behalf of any Fund shall be at such Fund's expense.

SECTION 6.04. Weekly Health and Welfare Payments. So long as Liquidity is greater than \$200,000,000, the Obligors shall make weekly payments (estimated to be one week's payment of health and welfare contributions) in advance of the due date for the payments in respect of the CS Health and Welfare Fund (which payments shall be credited against the actual payment due to the CS Health and Welfare Fund on the due date). Notwithstanding anything to the contrary contained herein, such payments shall be made directly to CS Health and Welfare Fund for its own account (and not to the Agent) by the Obligors.

SECTION 6.05. Maintenance of Properties; Insurance. The Obligors will, (a) keep and maintain all property material to the conduct of their business in good working order and condition (ordinary wear, tear, condemnation and casualty excepted), except in any case where the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (b) maintain, with financially sound and reputable insurance companies (i) insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations; *provided* that each of the Obligors may self-insure to the same extent as other companies in similar businesses and owning similar properties in the same general areas in which the Obligors operate and (ii) all insurance required pursuant to the Collateral Documents. The Obligors will furnish to the Funds, promptly following the reasonable request of the Agent, on behalf of the Funds, information in reasonable detail as to the insurance so maintained. The Obligors shall deliver to the Agent and maintain endorsements to all "All Risk" physical damage insurance policies on all of the Collateral naming the Agent as lender loss payee. In the event that the Obligors at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto, then a Fund may, with the prior written consent of the Majority Funds (which shall not be granted if any other Fund has already obtained such insurance or the Obligors have cured the default), without waiving or releasing any obligations or resulting Default hereunder, at any time or times thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which such Fund deems advisable (with the prior consent of the Majority Funds) seven (7) days after notification to the Obligors of such intent. All sums so disbursed by the Funds shall constitute part of the Obligations, payable as provided in this Agreement. The Obligors will furnish to the Agent and the Funds prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding.

SECTION 6.06. Promissory Note. Promptly following reasonable request from a Fund, the applicable Primary Obligors shall provide such Fund a Promissory Note(s) with respect to the Deferred Pension Payments owed by such Primary Obligor to such Fund.

ARTICLE VII

Negative Covenants

SECTION 7.01. Obligors. Until the Obligations (other than contingent obligations not due and payable) hereunder shall have been paid in full, the Primary Obligors covenant and agree with the Agent and the Funds that:

(a) Asset Sales. No Obligor shall consummate any Asset Sale unless such Asset Sale is approved by the Majority Funds; *provided*, that such approval shall (i) not be unreasonably withheld, delayed or conditioned and (ii) be deemed automatically granted to the extent the cash consideration received in connection with any such Asset Sale at closing shall be equal to or greater than 100% of the Gross Book Value of the property subject to such Asset Sale. For the avoidance of doubt, to the extent that multiple assets are being sold in an Asset Sale or series of related Asset Sales, the percentage threshold referenced above shall be deemed satisfied so long as the aggregate cash consideration received at the closings of such properties pursuant to such Asset Sale(s) equals or exceeds 100% of the aggregate Gross Book Value of such properties.

(b) No More Favorable Terms. The Obligors shall not (i) provide collateral (other than the Collateral granted pursuant to this Agreement) securing obligations owed by any Obligor to any Teamster pension fund similarly situated to the Funds (including Teamster pensions funds not a party to this Agreement) or (ii) make payments in respect of pension contributions owed to any Teamster pension fund similarly situated to the Funds to the extent such Teamster pension fund does not execute the Deferral Agreement or a Joinder Agreement (other than payments approved by the Majority Funds (such approval not to be unreasonably withheld, delayed or conditioned)).

SECTION 7.02. Funds. Until the Obligations shall have been paid in full (other than contingent obligations not due and owing), unless an Event of Default has occurred and is continuing, each of the Funds covenant severally and agree with the Obligors that:

(a) Absent the continuance of an Event of Default, such Funds shall not deem any of the Obligations owed to it to be delinquent contributions to which Section 515 of ERISA applies.

(b) Absent the continuance of an Event of Default, neither such Funds, nor any trustee or trustees with respect to such Funds, nor any of their successors, agents or assigns shall bring any action or allow any action under applicable law (including, through enforcement of Section 515 of ERISA or based on liability under Section 412 of the Code) to be brought in its

or their name to seek payment of the Obligations (or any portion thereof) owed to it against any of the Obligors or any of their ERISA Affiliates, nor shall any of these Persons bring any action or otherwise seek to recover any of the remedies under applicable law (including, liquidated damages, penalties and other costs, and those remedies specified in Section 502(g) of ERISA) with respect to the Obligations.

(c) Under no circumstances shall such Funds determine that the deferral of the Obligations owed to them hereunder, (i) constitutes with respect to the Obligors or any of their ERISA Affiliates (x) a complete withdrawal with respect to any Multiemployer Plan under Section 4203 of ERISA, (y) a partial withdrawal with respect to any Multiemployer Plan under Section 4205 of ERISA, or (ii) otherwise subjects the Obligors or any of their ERISA Affiliates to Withdrawal Liability.

Except as expressly provided in this Agreement to the contrary, the rights of the Funds to seek relief for delinquent contributions, and to assess and collect Withdrawal Liability, are preserved.

ARTICLE VIII

Events of Default

If any of the following events (each an "Event of Default") shall occur and be continuing:

(a) any Primary Obligor shall fail to pay any payment in respect of any Deferred Payments when and as the same shall become due and payable pursuant to this Agreement, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise (including, prepayments required to be made pursuant to the terms and conditions of Section 2.03) and such failure shall continue unremedied for a period of five (5) Business Days;

(b) any representation or warranty made or deemed made by or on behalf of any Obligor in or in connection with this Agreement or any other Fund Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(c) any Obligor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in Sections 6.01 or 7.01;

(d) any Obligor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or in any other Fund Document (other than those specified in clause (a), (b), (c), (e), (f) or (g) or (h) of this Article), and such failure shall continue unremedied for a period of 30 consecutive days after written notice thereof from the Agent to the Obligors (which notice will be given at the request of any Fund);

(e) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief in respect of any Obligor or its debts, or of a

substantial part of its assets, under any Federal, or state bankruptcy, insolvency, administrative, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official for any Obligor or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(f) any Obligor shall (i) voluntarily commence any proceeding or file any petition seeking bankruptcy, winding up, dissolution (other than any dissolution to the extent the assets of such Obligor are transferred to another Obligor so long as all actions necessary to maintain the perfection of the Agent's first-priority Lien on First Priority Collateral are taken), liquidation (other than any liquidation, to the extent the assets of such Obligor are transferred to another Obligor so long as all actions necessary to maintain the perfection of the Agent's first-priority Lien on First Priority Collateral are taken), administration, moratorium, reorganization or other relief under any Federal or state bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (e) of this Article, (iii) apply for or consent to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official for any Obligor or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, or (v) make a general assignment or arrangement for the benefit of creditors, or become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(g) any event or condition occurs under the Senior Credit Facility that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of such obligations or any trustee or agent on its or their behalf to cause the obligations under the Senior Credit Facility to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity (in each case after giving effect to any cure or grace period, amendment or waiver); *provided* that (i) this clause (g) shall not apply to obligations that become due as a result of prepayments required pursuant to Section 2.12 of the Senior Credit Facility (or any similar provision in any extension, renewal, refinancing or replacement of the Senior Credit Facility) and (ii) an Event of Default under and as defined in the Senior Credit Facility (a "Senior Credit Facility Event of Default") shall not in and of itself constitute an Event of Default under this clause until a period of thirty days has elapsed following notice of such Senior Credit Facility Event of Default from the Senior Administrative Agent or any lender under the Senior Credit Facility to Parent, or from Parent to such Senior Administrative Agent or any such lender under the Senior Credit Facility; or

(h) any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any First Priority Collateral with a Gross Book Value of \$2,500,000 in the aggregate at any time or shall for any reason fail to create a valid and perfected second priority security interest in any Second Priority Collateral (if then applicable) with a Gross Book Value of \$2,500,000 in the aggregate at any time purported to be covered thereby, in each case except as (i) permitted by the terms hereof or (ii) to extent such non-creation or non-perfection is a result of the action or inaction of the Agent;

then, and in every such Event of Default, and at any time thereafter during the continuance of such Event of Default, any Fund, by notice to the Primary Obligors, may: declare the Obligations solely in respect of the Deferred Payments owed to such Fund then outstanding to be due and payable, and thereupon such Obligations so declared to be due and payable, together with all other Obligations accrued hereunder and due to such Fund, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Obligors to the extent permitted by applicable law. Upon the occurrence and during the continuance of an Event of Default, the Agent shall, at the request of the Majority Funds, exercise any rights and remedies provided to the Agent under the Fund Documents or at law or equity, including all remedies provided under the UCC with respect to the Collateral.

ARTICLE IX

The Agent

Each of the Funds hereby irrevocably appoints the Agent as its agent and authorizes the Agent to take such actions delegated to it hereby on its behalf, including execution of the other Fund Documents, and to exercise such powers as are delegated to the Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The Agent shall not have any duties or obligations except those expressly set forth in the Fund Documents. Without limiting the generality of the foregoing,

(a) Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing,

(b) the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Fund Documents that the Agent is required to exercise in writing as directed by the Majority Funds (or such other number or percentage of the Funds as shall be necessary under the circumstances as provided in Section 11.04), and

(c) except as expressly set forth in the Fund Documents, Agent shall not have any duty to disclose, or shall be liable for the failure to disclose, any information relating to the Obligors or any of their Subsidiaries that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

Without limiting the foregoing, the Agent shall not be required to act hereunder or to advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder and under any other agreements or documents to which it is a party, and shall in all cases be fully justified in failing or refusing to act hereunder unless it shall receive further assurances to its reasonable satisfaction from the Funds of their indemnification obligations against any and all liability and expense that may be incurred by it by reason of taking or continuing to take or refraining from taking any such action in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable decision. The Agent shall be fully justified in requesting direction from the Majority Funds in the event this Agreement or any other Fund Document is silent or vague with respect to such Agent's duties, rights or obligations.

Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Majority Funds (or such other number or percentage of the Funds as shall be necessary under the circumstances as provided in Section 11.04) or in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable decision. Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof is given to the Agent by an Obligor or a Fund, and Agent shall not be responsible for or have any duty to ascertain or inquire into

- (i) any statement, warranty or representation made in or in connection with any Fund Document, including without limitation any ERISA matters, issues or obligations that may arise out of the Transactions,
- (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith,
- (iii) the accuracy or calculation of any amounts of any of the Deferred Pension Payments,
- (iv) the performance or observance by the Obligors of any of the covenants hereunder,
- (v) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Fund Document or the Senior Credit Facility,
- (vi) the validity, enforceability, effectiveness or genuineness of any Fund Document or any other agreement, instrument or document,
- (vii) the creation, perfection or priority of Liens on the Collateral or the existence of the Collateral or
- (viii) the satisfaction of any condition set forth in Article V or elsewhere in any Fund Document, other than to confirm receipt of items expressly required to be delivered to the Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agent may consult with legal counsel (who may be counsel for any Obligor), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Agent. The Agent and any such

sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent.

Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, the Agent may resign at any time by notifying the Funds and the Obligors. Upon any such resignation, the Obligors and the Majority Funds shall jointly appoint a successor. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. If no successor shall have been so appointed by the Obligors and the Majority Funds within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent's resignation shall nevertheless thereupon become effective, and the Majority Funds shall assume and perform all of the duties of the Agent hereunder until such time as a successor Agent is appointed; provided, that the retiring Agent shall continue to act as the secured party under the Mortgages until such Mortgages can be transitioned to a substitute secured party designated by the Majority Funds with the consent of the Primary Obligors. The fees payable by the Obligors to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between such Obligors and such successor. After an Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as an Agent.

Each Fund acknowledges that it has, independently and without reliance upon the Agent, or any other Fund and based on such documents and information as it has deemed appropriate, made its own analysis and decision to enter into this Agreement. Each Fund also acknowledges that it will, independently and without reliance upon the Agent or any other Fund, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Fund Document or any related agreement or any document furnished hereunder or thereunder.

The Funds are not partners or co-venturers, and all obligations of each Fund under this Agreement are several. No Fund shall be responsible for or in any way liable for the acts or omissions, representations or agreements of, or shall be authorized to act for, any other Fund.

In its capacity, the Agent is a "representative" of the Funds within the meaning of the term "secured party" as defined in the UCC. Each Fund authorizes the Agent to enter into each of the Collateral Documents and the Intercreditor Agreement to which it is a party and to take all actions contemplated by such documents. Each Fund agrees that no Fund shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Agent for the benefit of the Funds upon the terms of the Collateral Documents at the direction of the Majority Funds. If Collateral is hereafter pledged by any Person as collateral security for the Obligations, the Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Funds any Fund Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of or for the benefit of the Agent, on behalf of Funds.

The Funds hereby irrevocably authorize the Agent, to release any Liens granted to or for the benefit of the Agent by the Obligors or any of their Subsidiaries on any Collateral:

- (i) upon payment in full of the Obligations (other than contingent obligations not due and payable); or
- (ii) that is sold or to be sold concurrently as part of or in connection with any sale permitted under the Fund Documents.

Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Obligors in respect of) all interests retained by the Obligors, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral. Upon request by the Agent at any time, the Majority Funds will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Fund Document, or consented to in writing by the Majority Funds or all of the Funds, as applicable, the Agent shall (and is hereby irrevocably authorized by the Funds to) execute such documents as may be necessary to evidence the release of the Liens granted to the Agent for the Funds herein or pursuant hereto upon the Collateral that was sold or transferred; *provided*, however, that (i) the Agent shall not be required to execute any such document on terms which, in the Agent's opinion, would expose the Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Obligors in respect of) all interests retained by the Obligors, including the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

Each Fund hereby appoints each other Fund as its agent for the purpose of perfecting Liens, for the benefit of the Agent and the other Funds, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession. Should any Fund obtain possession of any such Collateral, such Fund shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or otherwise deal with such Collateral in accordance with the Agent's instructions.

ARTICLE X

Reserved

ARTICLE XI

Miscellaneous

SECTION 11.01. Fees and Expenses. The Obligors shall pay:

(a) all reasonable out-of-pocket expenses incurred by the Agent, including the reasonable fees, charges and disbursements of sub-agents and no more than one counsel, and one

additional local counsel in each applicable jurisdiction, for the Agent, in connection with the preparation, administration and enforcement of this Agreement and the other Fund Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated);

(b) all reasonable out-of-pocket expenses incurred by the Funds, including the reasonable fees, charges and disbursements of counsel and financial advisors for the Funds, in connection with the preparation and administration of this Agreement and the other Fund Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated);

(c) all reasonable fees, charges and disbursement of one primary counsel and one additional local counsel in each applicable jurisdiction for the Funds in connection with negotiation, execution and delivery of the Collateral Documents and the perfection of the Liens granted thereby; and

(d) all reasonable out-of-pocket expenses incurred by the Agent or any Fund, including the fees, charges and disbursements of legal counsel and financial advisors (solely with respect to financial advisors to the Funds), in connection with the enforcement or protection of its rights in connection with any Fund Document;

provided, that the Obligors (i) shall only be required to reimburse the reasonable costs and out-of-pocket expenses of Funds with respect to legal counsel and financial advisors pursuant to clause (b) in an amount not to exceed \$1,000,000 in the aggregate and (ii) shall pay all amounts (x) owed pursuant to Section 11.01(d) upon written demand and (y) all other amounts owed pursuant to Section 11.01 within 30 days of written demand (including documentation reasonably supporting such request).

SECTION 11.02. Indemnity. (a) The Obligors, on a joint and several basis, shall indemnify the Agent (and any sub-agent thereof) and each Related Party of the Agent (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all actions, losses, claims, damages, liabilities and related reasonable out-of-pocket expenses (including the reasonable fees, charges and disbursements of one counsel for all Indemnitees to the extent of no conflict), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Obligors arising out of, in connection with, or as a result of the execution or delivery of this Agreement, any other Fund Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby or any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party, by any Fund or by any Obligor other than to the extent losses, claims, liabilities or expenses arise from (i) any Indemnitee's gross negligence, bad faith, willful misconduct or material breach of the Fund Documents or (ii) a dispute solely among Indemnitees.

(b) To the extent that the Obligors for any reason fail to indefeasibly pay any amount required under clause (a) of this Section 11.02 to be paid by it to the Agent (or any sub-agent

thereof) or any Related Party of any of the foregoing, each Fund severally agrees to pay to the Agent (or any such sub-agent) or such Related Party, as the case may be, such Fund's pro rata share (based on the amount of outstanding Deferred Pension Payments held by each Fund as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or against the Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for such Agent (or any such sub-agent) in connection with such capacity.

SECTION 11.03. Remedies. Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached.

SECTION 11.04. Consent to Amendments. Neither this Agreement nor any other Fund Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Obligors and the Majority Funds or by the Obligors and the Agent with the consent of the Majority Funds or, in the case of any other Fund Document, pursuant to an agreement or agreements in writing entered into by the Agent and the Obligors that are parties thereto, in each case with the consent of the Majority Funds; *provided* that no such agreement shall:

(a) increase the outstanding amount of any Deferred Pension Payment or require deferrals of additional pension contribution payments owed to any Fund without the written consent of such Fund;

(b) reduce amount of any Obligations or reduce the rate of interest thereon, without the written consent of each Fund directly affected thereby;

(c) postpone the date of any scheduled payment of any Deferred Pension Payment, or any interest thereon, or reduce the amount of, waive or excuse any such payment, without the written consent of each Fund affected thereby (it being understood that waiver of a mandatory prepayment shall not constitute a postponement or waiver of a scheduled payment);

(d) change Section 2.04 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Fund directly affected thereby (except as set forth in Section 2.01);

(e) change any of the provisions of this Section or the definition of "Majority Funds" or any other provision of any Fund Document specifying the number or percentage of Funds required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Fund; and

(f) release all or substantially all the Collateral (except as expressly permitted by this Agreement).

provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent, hereunder or under any other Fund Document without the prior written consent of the Agent.

SECTION 11.05. Successors and Assigns. This Agreement and all of the covenants and agreements contained herein and rights, interests or obligations hereunder, by or on behalf of any of the Parties hereto, shall bind and inure to the benefit of the respective successors and assigns of the Parties hereto whether so expressed or not.

SECTION 11.06. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or the application of any such provision to any Person or circumstance shall be held to be prohibited by, illegal or unenforceable under applicable law in any respect by a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or illegality or unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Agreement; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11.07. Counterparts. This Agreement may be executed simultaneously in counterparts (including by means of telecopied or PDF signature pages), any one of which need not contain the signatures of more than one Party, but all such counterparts taken together shall constitute one and the same Agreement.

SECTION 11.08. Descriptive Headings; Interpretation. The headings and captions used in this Agreement and the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The Parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

SECTION 11.09. Entire Agreement. This Agreement constitutes the entire contract among the Parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by each of the Parties, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 11.10. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their successors and permitted assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties and such successors and permitted assigns, any legal or equitable rights hereunder.

SECTION 11.11. Schedules. All schedules attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

SECTION 11.12. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the schedules hereto shall be governed by, and construed in accordance with, the laws of the State of New York

without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

SECTION 11.13. Submission to Jurisdiction; Choice of Forum. Each of the parties submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and the Supreme Court of the State of New York sitting in New York County, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated herein and agrees that all claims in respect of such action or proceeding may be heard and determined in any such court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Nothing in this Section however shall affect the right of any party to serve legal process in any other manner permitted by law. Each Party agrees that a final judgment (after giving effect to any timely appeals) in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law.

SECTION 11.14. Mutual Waiver of Jury Trial. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTION WITH, RELATED OR INCIDENTAL TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY AND/OR THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HEREUNDER.

SECTION 11.15. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Obligor, to it c/o YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211, Attention of Chief Financial Officer and General Counsel (Telecopy No. 913-323-9824; Tim.Wicks@yrcw.com and Dan.Churay@yrcw.com);

(ii) if to the Agent, to Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington Delaware 19890, Attention: W. Thomas Morris, Vice President (Telecopy No.: (302) 636-4145; Email: TMorris@wilmingtontrust.com); and

(iii) if to any Fund, as set forth on Schedule 11.15 (as amended or supplemented by a Joinder Agreement).

(b) Notices and other communications by and among the Agent, the Obligors and the Funds hereunder may be delivered or furnished by electronic communications, including Adobe PDF by emails and Internet or intranet websites. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor, provided, that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 11.16. No Strict Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

SECTION 11.17. Partial Release of Collateral. Notwithstanding anything to the contrary contained herein, each of the Funds agrees (and hereby authorize the Agent) so long as no Event of Default has occurred and is continuing to release Collateral, as selected by the Obligors, in an amount (determined on a Gross Book Value basis) equal to the positive difference between the Gross Book Value of the First Priority Collateral and the outstanding Obligations at any time (each occurrence, a "Release Event") as certified in writing by the Obligors to the Agent. The Agent shall, at Obligors' expense, execute and deliver or otherwise authorize the filing of such documents as the Obligors shall reasonably request in writing, in form and substance reasonably satisfactory to the Agent, including financing statement amendments and mortgage releases to evidence such release following the occurrence of a Release Event.

SECTION 11.18. Confidentiality. Each of the Funds and the Agent agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including

accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) in connection with the Transactions, (b) to the extent requested by any regulatory authority, including any examiner or auditor in connection with routine examinations or audits conducted pursuant to applicable laws, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (with, to the extent permitted by applicable law, prompt notice thereof to the Company), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Fund Document or the enforcement of rights hereunder or thereunder, (f) with the consent of the Primary Obligors or (g) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Agent or any Fund on a nonconfidential basis from a source other than the Company (or its Affiliates). For the purposes of this Section, "Information" means all information received from the Obligors (or their Affiliates) relating to the Obligors' (or their Affiliates') or their business, other than any such information that is available to the Agent or any Fund on a nonconfidential basis prior to disclosure by the Obligors (or their Affiliates).

SECTION 11.19. Intercreditor Agreement. Notwithstanding anything herein to the contrary, each Fund and the Agent acknowledge that the Lien and security interest granted to the Agent pursuant to each Collateral Document and that the exercise of any right or remedy by Agent are, in each case, subject to the provisions of the Intercreditor Agreement in all respects. In the event of a conflict or any inconsistency between the terms of the Intercreditor Agreement, on the one hand, and any Fund Documents, on the other hand, the terms of the Intercreditor Agreement shall govern and control in all respects.

SECTION 11.20. No Effect on Other Obligations. Nothing contained in this Agreement shall be construed or interpreted or is intended as a waiver of or limitation on any rights, powers, privileges or remedies that any Fund has or may have under its respective participation agreement(s) or under applicable law with respect to any contributions or other obligations of any of the Obligors to such Fund, other than the Deferred Pension Payments and any other Obligations.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

YRC, INC., as an Obligor

By _____
Name:
Title:

USF HOLLAND, INC., as an Obligor

By _____
Name:
Title:

NEW PENN MOTOR EXPRESS, INC., as an Obligor

By _____
Name:
Title:

USF REDDAWAY INC., as an Obligor

By _____
Name:
Title:

Signature Page to Contribution Deferral Agreement
YRC Worldwide Inc. et al

By _____
Name:
Title:

TRUSTEES for the CENTRAL STATES, SOUTHEAST AND
SOUTHWEST AREAS PENSION FUND

By _____
Name:
Title:

[Add Additional Funds]

By _____
Name:
Title:

Exhibit A

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder Agreement"), dated as of _____, 20____, by and among (i) **[NEW FUND]** (the "New Fund"); (ii) YRC, INC., a Delaware corporation ("YRC"); USF HOLLAND, INC., a Michigan corporation ("Holland"), and NEW PENN MOTOR EXPRESS INC., a Pennsylvania corporation ("New Penn"), USF REDDAWAY INC., an Oregon corporation ("Reddaway") (each of YRC, Holland, New Penn and Reddaway a "Primary Obligor", and collectively, the "Primary Obligors"); and (iii) Wilmington Trust Company, as agent for the Funds (as defined below) (the "Agent").

RECITALS:

WHEREAS, reference is hereby made to that certain Contribution Deferral Agreement (as amended, modified or supplemented from time to time, the "Contribution Deferral Agreement"; capitalized terms not otherwise defined in this Joinder Agreement shall have the meanings ascribed to such terms in the Contribution Deferral Agreement) dated as of June _____, 2009, by and between the Obligors, the Agent and the Funds (as defined therein) from time to time a party thereto; and

WHEREAS, subject to the terms and conditions of the Contribution Deferral Agreement, the Obligors may defer the time of payment required of the Obligors of certain contributions due to the New Fund.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

The New Fund party hereto hereby agrees to defer the receipt of the Deferred Pension Payments (the "New Deferred Pension Payments"), which Deferred Pension Payments are set forth in more detail on Schedule A annexed hereto, on the terms and subject to the conditions set forth below:

The New Fund (i) confirms that it has received a copy of the Contribution Deferral Agreement and the Collateral Documents, and such other documents and information as it has deemed appropriate to make its own decision to enter into this Joinder Agreement; (ii) agrees that it will, independently and without reliance upon the Agent or any other Fund and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under the Contribution Deferral Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Contribution Deferral Agreement and the Collateral Documents as are delegated to the Agent, by the terms thereof, together with such powers as are reasonably incidental thereto; and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Contribution Deferral Agreement are required to be performed by it as a Fund.

The New Fund hereby agrees to defer its New Deferred Pension Payments on the following terms and conditions:

- 1.1 **New Fund.** The New Fund acknowledges and agrees that upon its execution of this Agreement that the New Fund shall become a “Fund” under, and for all purposes of, the Contribution Deferral Agreement and each of the other Collateral Documents and a “Pension Fund Secured Party” for purposes of the Intercreditor Agreement, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Fund under each of the Contribution Deferral Agreement, each Collateral Document, the Intercreditor Agreement any other Fund Document.
- 1.2 **Contribution and Deferral Agreement Governs.** Except as set forth in this Joinder Agreement, the Deferred Pension Payments shall otherwise be subject to the provisions of the Contribution Deferral Agreement, the Intercreditor Agreement and the Collateral Documents.
- 1.3 **Obligor’s Certifications.** Each Obligor hereby certifies to the New Fund and the Agent that, as of the date hereof:
 - (a) Each of the representations and warranties set forth in Section 3 of the Deferral Contribution Agreement are true and correct in all material respects as of such date, except to the extent that such representation or warranty expressly relates to an earlier date, in which case such representation or warranty was true and correct in all material respects as of such earlier date;
 - (b) No event has occurred and is continuing or would result from the consummation of the Deferred Pension Payments contemplated hereby that would constitute a Default or an Event of Default; and
 - (c) The Obligors have performed in all material respects all agreements and satisfied all conditions which the Contribution Deferral Agreement provides shall be performed or satisfied by it on or before the date hereof.
- 1.4 **New Fund’s Certifications.** The New Fund hereby certifies to the Obligors and the Agent that, as of the date hereof, each of the representations and warranties set forth in Article 4 of the Deferral Contribution Agreement are true and correct with respect to the Fund as of such date.
- 1.5 **Schedule A.** Schedule(s) [] of the Contribution Deferral Agreement is hereby supplemented by the attached Schedule A.
- 1.6 **Amendment, Modification and Waiver.** This Agreement may not be amended, modified or waived except as provided by Section 11.04 of the Contribution Deferral Agreement.
- 1.7 **Entire Agreement.** This Agreement, the Contribution Deferral Agreement, the Intercreditor Agreement and the Collateral Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

- 1.8 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES).**
- 1.9 Severability.** Any term or provision of this Joinder Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Joinder Agreement or affecting the validity or enforceability of any of the terms or provisions of this Joinder Agreement in any other jurisdiction. If any provision of this Joinder Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.
- 1.10 Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Joinder Agreement by telecopy, Adobe pdf file or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Joinder Agreement.

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Joinder Agreement as of the date first above written.

[NAME OF NEW FUND]

By: _____
Name: _____
Title: _____

Notice Address:

Attention:
Telephone:
Facsimile:

YRC, INC.

By: _____
Name: _____
Title: _____

USF HOLLAND, INC.

By: _____
Name: _____
Title: _____

NEW PENN MOTOR EXPRESS INC.

By: _____
Name: _____
Title: _____

USF REDDAWAY INC.

By: _____
Name: _____
Title: _____

WILMINGTON TRUST COMPANY,
as Agent

By: _____

Name:

Title:

**SCHEDULE
TO JOINDER AGREEMENT**

Schedule 1.01__

<u>Effective Date</u>	<u>Amount of such payment</u>
	\$ _____
	\$ _____
	\$ _____
	Total: \$ _____

Schedule 1.01(g)

<u>Fund</u>	<u>Pension Interest Rate</u>

Schedule 2.04

<u>Fund</u>	<u>Account Details</u>

Schedule 11.15

<u>Fund</u>	<u>Notice Information</u>

Exhibit B-1
Form of First Priority Mortgage

This document was prepared
by and after recording
should be returned to:

Site No. []

[] County, [State/Commonwealth] of []

MORTGAGE, SECURITY AGREEMENT,
FINANCING STATEMENT, FIXTURE FILING AND
ASSIGNMENT OF RENTS AND LEASES

THIS MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT, FIXTURE FILING AND ASSIGNMENT OF RENTS AND LEASES (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Mortgage") is executed as of the date acknowledged below, but is granted and made effective as of the day of , 2009, by [], a [] ("Mortgagor"), having its principal place of business at c/o YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211, Attention: Treasurer, to WILMINGTON TRUST COMPANY, a Delaware banking corporation, having an office at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: W. Thomas Morris, Vice President, as Agent (together with its successors and assigns, in such capacity, "Mortgagee"), for its benefit and for the benefit of the "Funds" as defined in the Deferral Agreement (as hereinafter defined). Except as otherwise provided herein, all capitalized terms used but not defined herein shall have the respective meanings given to them in the Deferral Agreement.

WITNESSETH:

WHEREAS, YRC Inc., a Delaware corporation ("YRC"), USF Holland Inc., a Michigan corporation ("Holland"), New Penn Motor Express, Inc., a Pennsylvania corporation ("New Penn") and USF Reddaway Inc., an Oregon corporation ("Reddaway"), and together with YRC, Holland and New Penn, each an "Obligor", and collectively, "Obligors", the Funds and Mortgagee have entered into that certain Contribution Deferral Agreement dated [], 2009 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Deferral Agreement");

WHEREAS, pursuant to and following satisfaction of the conditions set forth in the Deferral Agreement, the Funds have deferred the time of payment required of Obligors of certain contributions due to the Funds from Obligors under the CBA and have agreed to extend certain other financial accommodations from time to time to Obligors;

WHEREAS, Mortgagor [is an Obligor,] [OR] [is a Guarantor under the Guarantee,] is an Affiliate of one or more of Obligors and has derived and will continue to derive direct and indirect economic benefit from the financial accommodations made by the Funds to Obligors; and

WHEREAS, Mortgagee and the Funds have required, pursuant to the terms of the Deferral Agreement, that Mortgagor enter into this Mortgage and grant to Mortgagee the liens and security interests referred to herein to secure the Obligations, including, without limitation: (i) payment of all Deferred Pension Payments, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Deferred Pension Payments when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) payment of all other indemnities, fees, costs, and expenses (including, without limitation, the fees and expenses of Mortgagee, Mortgagee's sub-agents, and legal counsel reimbursable under the Deferral Agreement), whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of Obligors under the Deferral Agreement, this Mortgage and the other Fund Documents (the aforesaid obligations shall be hereinafter referred to collectively as the "Liabilities");

NOW, THEREFORE, in consideration of the premises contained herein and to secure payment and performance of the Liabilities and in consideration of One Dollar (\$1.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, Mortgagor does hereby assign, bargain, sell, pledge, grant, remise, release, alien, convey, hypothecate, mortgage and warrant to Mortgagee, its successors and assigns, the following described real estate (the "Land") in [] County, [] and all of the other real property portions of the Mortgaged Property (as defined below), and does further grant a security interest to Mortgagee, its successors and permitted assigns, in all such portions of the Mortgaged Property that may be secured under the Uniform Commercial Code in effect in the State of [] (the "State") (said Uniform Commercial Code is hereinafter referred to as the "UCC"; terms defined in the UCC which are not otherwise defined in this Mortgage are used herein as defined in the UCC):

See Exhibit A attached hereto and by this reference made a part hereof for the legal description of the Land, subject, however, to the Permitted Liens, which Land, together with all right, title and interest, if any, which Mortgagor may now have or hereafter acquire in and to all improvements, buildings and structures now or hereafter located thereon of every nature whatsoever, is herein called the "Premises".

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to (a) all easements, rights of way, gores of land or any lands occupied by streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and public places adjoining said Land, and any other interests in property constituting

appurtenances to the Premises, or which hereafter shall in any way belong, relate or be appurtenant thereto, (b) all hereditaments, gas, oil, minerals (together (in each case, whether or not extracted from the Premises) with the right to extract, sever and remove such gas, oil and minerals), and easements, of every nature whatsoever, located in or on the Premises and all other rights and privileges thereunto belonging or appertaining, (c) all water, ditch, well and reservoir rights which are appurtenant to or which have been used in connection with the Land, (d) all development rights associated with the Land, whether previously or subsequently transferred to the Land from other real property or now or hereafter susceptible of transfer from such Land to other real property, (e) any land lying between the boundaries of the Land and the center line of any adjacent street, road, avenue or alley, whether opened or proposed, (f) all other or greater rights and interests of every nature in the Premises and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Mortgagor, and (g) all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the rights and interests described in subparagraphs (a) through (f) above (collectively, hereinafter the "Property Rights").

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to all fixtures and appurtenances of every nature whatsoever owned or leased by Mortgagor now or hereafter located in, on or attached to, and used in connection with, or with the operation of, the Premises, including, but not limited to: (a) all apparatus, machinery and equipment; and (b) all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the foregoing (the items described in the foregoing clauses (a) and (b) being hereinafter collectively referred to as the "Fixtures"). It is mutually agreed, intended and declared that the Premises and all of the Property Rights and Fixtures owned by Mortgagor (referred to collectively herein as the "Real Property") shall, so far as permitted by law, be deemed to form a part and parcel of the Land and for the purpose of this Mortgage to be real estate that is covered by the lien of this Mortgage. It is also agreed that if any of the property herein mortgaged is of a nature so that a security interest therein can be perfected under the UCC in effect in the State, this instrument shall constitute a security agreement, fixture filing and financing statement, and Mortgagor agrees to execute, deliver and file or refile, and hereby authorizes Mortgagee and the Funds to prepare and file or refile, without Mortgagor's consent but with prior notice to Mortgagor, any financing statement, continuation statement, or other instruments Mortgagee or the Funds may reasonably require from time to time to perfect or renew such security interest under the UCC. To the extent permitted by law, (i) all of the Fixtures are or are to become fixtures on the Land and (ii) this instrument, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture-filing" within the meaning of Sections [9-102, 9-501 and 9-502] of the UCC. Subject to the terms and conditions of the Deferral Agreement, the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to that part of the security in which a security interest may be perfected under the UCC, by the specific statutory consequences now or hereafter enacted and specified in the UCC, all at Mortgagee's sole election.

TOGETHER WITH all the estate, right, title and interest of Mortgagor in and to: (i) all judgments, insurance proceeds, awards of damages and settlements resulting from condemnation proceedings or the taking of the Real Property, or any part thereof, under the

power of eminent domain or for any damage (whether caused by such taking or otherwise) to the Real Property, or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the Real Property or any part thereof; and (except as otherwise provided herein) Mortgagee is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and to apply the same as provided in the Deferral Agreement; (ii) all contract rights, accounts, general intangibles, actions and rights in action relating to the Real Property, including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Real Property; (iii) all accounts and payment intangibles arising out of the sales at the wellhead or mine head of oil, gas or other minerals in which Mortgagee had an interest before extraction thereof; and (iv) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Real Property. The rights and interests described in this paragraph are hereinafter collectively referred to as the “Intangibles”. Notwithstanding any of the foregoing or anything to the contrary set forth elsewhere in this Mortgage, the security interests in and to the Intangibles created hereby and pursuant to the other Fund Documents in favor of Mortgagee (for its own benefit and for the benefit of the Funds), shall be governed by the terms and conditions of the UCC then in effect in the State.

As additional security for the Liabilities secured hereby, Mortgagor (i) does hereby absolutely pledge and assign to Mortgagee, for its benefit and for the benefit of the Funds, from and after the date hereof (including any period of redemption), primarily and on a parity with the Real Property, and not secondarily, all the rents, issues and profits of the Real Property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including any letters of credit, letter-of-credit rights supporting obligations, or other credit support for any rents or leases and all deposits of money as advance rent, for security or as earnest money or as down payment for the purchase of all or any part of the Real Property) (collectively, the “Rents”) under any and all present and future leases, subleases, contracts or other agreements to which it is a party as a lessor and relative to its ownership or occupancy of all or any portion of the Real Property (collectively, the “Leases”), and (ii) except to the extent such a transfer or assignment is not permitted by the terms thereof, does hereby transfer and assign to Mortgagee, for its benefit and for the benefit of the Funds, all such Leases (including all of Mortgagor’s rights under any contracts for the sale of any portion of the Mortgaged Property and all of Mortgagor’s revenues and royalties under any oil, gas and mineral leases relating to the Real Property or accruing to it). Mortgagee hereby licenses to Mortgagor, until an Event of Default (as defined in the Deferral Agreement) shall have occurred and be continuing, the right to collect and use the Rents as they become due and payable under the Leases, but not more than one month in advance thereof (unless otherwise required by the terms of any such related agreement), provided that the existence of such right shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any such subsequent assignment shall be subject to the rights of Mortgagee under this Mortgage. Mortgagor further agrees to execute and deliver such assignments of Leases (including land sale contracts or other agreements) as Mortgagee or the Funds may from time to time reasonably request (which contracts or other agreements shall be in form and substance reasonably acceptable to Mortgagee and the Funds). Upon the occurrence and during the continuance of an Event of Default (1) Mortgagor agrees, upon receipt of written demand from Mortgagee, to deliver to Mortgagee all of the Leases with such additional assignments thereof as Mortgagee may request, and agrees that Mortgagee may assume (or cause a receiver to be

appointed to assume) the management of the Real Property and collect the Rents, applying the same upon the Liabilities in the manner provided in the Deferral Agreement, and (2) Mortgagor hereby authorizes and directs all tenants, purchasers or other Persons occupying or otherwise acquiring any interest in any part of the Real Property to pay the Rents due under the Leases to Mortgagee upon request of Mortgagee. Upon the occurrence and during the continuance of an Event of Default, Mortgagor hereby appoints Mortgagee as its true and lawful attorney in fact to manage (or cause a receiver to be appointed to manage) said property and collect the Rents, with full power to bring suit for collection of the Rents and possession of the Real Property, giving and granting unto said Mortgagee and unto its agents and attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in the protection of the security hereby conveyed; provided, however, that (a) this power of attorney and assignment of rents shall not be construed as an obligation upon said Mortgagee to make or cause to be made any repairs that may be needful or necessary, and (b) Mortgagee agrees that unless such Event of Default has occurred and is continuing as aforesaid, Mortgagee shall permit Mortgagor to perform the aforementioned management responsibilities. Upon Mortgagee's receipt of the Rents, at Mortgagee's option, it may use the proceeds of the Rents to pay: (x) charges for collection thereof or hereunder, costs of necessary repairs and other costs requisite and necessary during the continuance of this power of attorney and assignment of rents; (y) general and special taxes and insurance premiums and deductibles; and (z) any or all of the Liabilities pursuant to the provisions of the Deferral Agreement. This power of attorney and assignment of rents shall be irrevocable until this Mortgage shall have been satisfied and released, and the releasing of this Mortgage shall act as a revocation of this power of attorney and assignment of rents. During the continuance of an Event of Default, Mortgagee shall have and hereby expressly reserves the right and privilege (but assumes no obligation) to demand, collect, sue for, receive and recover the Rents, or any part thereof, now existing or hereafter made, and apply the same in accordance with the provisions of the Deferral Agreement.

All of the property described above, and each item of property therein described, not limited to but including the Land, the Premises, the Property Rights, the Fixtures, the Real Property, the Intangibles, the Rents and the Leases, and all profits and proceeds therefrom and all replacements thereof, are herein collectively referred to as the "Mortgaged Property".

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee-in-possession in the absence of the taking of actual possession of the Mortgaged Property by Mortgagee. Nothing contained in this Mortgage shall be construed as imposing on Mortgagee any of the obligations of the lessor under any Lease of the Mortgaged Property in the absence of an explicit written assumption thereof (on a case-by-case basis) by Mortgagee. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being hereby expressly waived and released by Mortgagor (on behalf of itself and all Persons now or hereafter claiming by or through Mortgagor).

TO HAVE AND TO HOLD the Mortgaged Property, properties, rights and privileges hereby conveyed or assigned, or intended so to be, unto Mortgagee, its beneficiaries (including the Funds), successors and permitted assigns, forever for the uses and purposes herein set forth. Mortgagor (on behalf of itself and all Persons now or hereafter claiming by, through or under Mortgagor) hereby releases and waives all rights under and by virtue of the homestead exemption laws, if any, of the State, and Mortgagor hereby covenants, represents and warrants

that, at the time of the ensembling and delivery of these presents, Mortgagor is well seised of the Mortgaged Property in fee simple and with full legal and equitable title to the Mortgaged Property, with full power and lawful authority to assign, bargain, sell, pledge, grant, remise, release, alien, convey, hypothecate, mortgage and warrant to Mortgagee and its successors and assigns the Mortgaged Property as set forth herein, and that the title to the Mortgaged Property is free and clear of all Liens and other encumbrances, except for the Permitted Liens. Mortgagor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same, subject to the Permitted Liens, to Mortgagee and its successors and permitted assigns against the claims of all Persons claiming by, through or under Mortgagor.

The following provisions shall also constitute an integral part of this Mortgage:

1. Payment of Taxes on the Mortgage. Without limiting any of the provisions of the Deferral Agreement, Mortgagor agrees that, if the United States or any department, agency or bureau thereof or if the State or any of its subdivisions having jurisdiction shall at any time require documentary stamps to be affixed to this Mortgage or shall levy, assess, or charge any tax, assessment or imposition upon this Mortgage or the credit or indebtedness secured hereby or the interest of Mortgagee in the Mortgaged Property or upon Mortgagee by reason of or as holder of any of the foregoing, including, without limitation, any tax, interest or penalty arising in connection with the recordation of this Mortgage or the imposition of documentary stamps or taxes, intangibles taxes or the like, including those required to be paid because of future advances or financial accommodations or an increase in the amount of the Liabilities secured hereby, then, Mortgagor shall pay for such documentary stamps in the required amount and deliver them to Mortgagee or pay (or reimburse Mortgagee for) such taxes, assessments or impositions. Mortgagor agrees to provide to Mortgagee, within ten (10) business days after any such taxes, assessments or impositions become due and payable, and at any other times upon request from Mortgagee, copies of official receipts showing payment of all such taxes, assessments and charges which Mortgagor pays hereunder. Mortgagor agrees to indemnify Mortgagee against liability on account of such documentary stamps, taxes, assessments or impositions, whether such liability arises before or after payment of the Liabilities and regardless of whether this Mortgage shall have been released.

2. Leases Affecting the Real Property. Mortgagor agrees faithfully to perform all of its obligations under all present and future Leases at any time assigned to Mortgagee as additional security, and to refrain from any action or inaction which would result in termination of any such Leases or in the material diminution of the value thereof or of the Rents due thereunder. All future Leases made after the effective date of this Mortgage shall include provisions requiring the lessees thereunder, at Mortgagee's option and without any further documentation, to attorn to Mortgagee as lessor if for any reason Mortgagee becomes lessor thereunder, and to pay rent to Mortgagee during the continuance of an Event of Default, upon demand, and Mortgagee shall not be responsible under such Lease for matters arising prior to Mortgagee becoming lessor thereunder.

3. Use of the Real Property. Mortgagor agrees that it shall not permit the public to use the Real Property in any manner that might tend, in Mortgagee's reasonable judgment, adversely to impair Mortgagor's title to such property or any portion thereof or to

make possible any claim or claims of easement by prescription or of implied dedication to public use other than the Permitted Liens. Mortgagor shall not use or knowingly permit the use of any part of the Real Property for an illegal purpose, including, without limitation, the violation of any Environmental Laws (as hereinafter defined). Moreover, Mortgagor shall duly and punctually observe and perform each and every material term, provision, condition, and covenant to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument (including all instruments comprising the Permitted Liens) affecting or pertaining to the Mortgaged Property, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The term "Environmental Laws" as used in this Mortgage means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

4. Indemnification. Mortgagor acknowledges and agrees that any obligations and liabilities of Mortgagor arising under this Mortgage shall be deemed to constitute both (1) Obligations under the Deferral Agreement, and (2) Liabilities under this Mortgage. Without limiting any indemnification that Mortgagor, Obligors or Guarantors have granted in the Deferral Agreement, the Guarantee, or any of the other Fund Documents, Mortgagor hereby agrees, without duplication, to indemnify and hold harmless Mortgagee, all Funds, and any of their respective Affiliates (for purposes of this Section 4, collectively, the "Indemnitees" and each individually, an "Indemnitee") from and against any and all losses, claims, damages, penalties, liabilities and related expenses (including attorneys' fees, paralegals' fees, other professionals' fees, court costs and disbursements) which may be imposed on, incurred or paid by or asserted against either the Mortgaged Property or any of the Indemnitees by reason or on account of or in connection with (i) the construction, reconstruction or alteration of the Mortgaged Property, (ii) any gross negligence or willful misconduct of any Obligor, Mortgagor, any Guarantor, any lessee of the Mortgaged Property, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees, or (iii) to the fullest extent permissible in accordance with applicable laws, any accident, injury, death or damage to any Person or property occurring in, on or about the Mortgaged Property to the extent the same was not caused by the gross negligence or willful misconduct of the Indemnitees; provided that such indemnity shall not, as to any particular Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, willful misconduct, violation of law or breach by such Indemnitee, or claims brought by any Indemnitee against any one or more other Indemnitees; provided further that no such gross negligence, willful misconduct, violation of law or breach by any one or more of the Indemnitees shall be deemed to void, reduce, limit, impair or otherwise affect the indemnification provided for hereunder respecting any and/or all of the other Indemnitees which are not deemed by said court to be responsible for such gross negligence, willful misconduct, violation of law or breach, and all Indemnitees not held by said court to be responsible for same shall be entitled to the full scope of the indemnification contemplated hereunder as if such gross negligence, willful misconduct, violation of law or breach by one or more of the Indemnitees which are deemed to be responsible by said court for same did not exist.

5. Insurance and Impositions.

(a) Mortgagor shall, at its sole expense, obtain for, deliver to and maintain for the benefit of Mortgagee and all Funds, until the Liabilities are paid in full: (1) all insurance policies as required pursuant to Section 6.05 of the Deferral Agreement; and (2) flood insurance, if (i) the surveyor preparing the survey of the Mortgaged Property (or a standard flood hazard determination certificate issued by a flood hazard certification firm acceptable to Mortgagee and the Funds) determines that all or any portion of the improved Real Property is situated within a special hazard flood area, as designated by the applicable Governmental Authority (as defined below), and (ii) such flood insurance is then required by the National Flood Insurance Reform Act of 1994 et. seq. (as amended, the “Flood Act”), or by other applicable laws, rules or regulations, or by Mortgagee in accordance with Mortgagee’s standard policies and practices. If any flood insurance is required to be obtained in accordance with the preceding sentence, then Mortgagor shall, at its sole expense: (I) purchase flood insurance covering the Mortgaged Property in such amounts as may be required or otherwise specified by the Flood Act or by Mortgagee and the Funds (whichever stipulated amount may be greater); and (II) take any and all other actions as Mortgagee and the Funds may deem necessary or desirable to comply with the Flood Act, other applicable laws and/or Mortgagee’s standard policies and practices. In the event of any casualty loss affecting all or any part of the Mortgaged Property, the net insurance proceeds from any insurance policies covering the Mortgaged Property shall be collected, paid and applied as specified in the Deferral Agreement, or if not so specified, such proceeds shall be paid over and remitted to Mortgagor. The term “Governmental Authority” as used in this Mortgage means the government of the United States or any other nation, or of any political subdivision thereof, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

(b) Mortgagor shall promptly cause to be paid all impositions of real estate taxes, assessments and insurance premiums and deductibles that if not paid, could result in a Material Adverse Effect (collectively, the “Impositions”) now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof before the same shall become delinquent or in default, except where: (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Mortgagor has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect. If requested by Mortgagee, Mortgagor shall furnish to Mortgagee or its designee receipts for the payment of the Impositions.

6. Condemnation Awards. Mortgagor hereby assigns to Mortgagee, as additional security, all awards of damage resulting from condemnation proceedings or the taking of or injury to the Mortgaged Property for public use, and Mortgagor agrees that the proceeds of all such awards shall be collected, paid and applied as specified in the Deferral Agreement.

7. Event of Default and Remedies. The term “Event of Default” as used herein shall have the meaning ascribed to such term pursuant to the Deferral Agreement. Subject to the provisions of the Deferral Agreement, upon the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies provided for in the Deferral

Agreement, the Guarantee and/or any of the other Fund Documents, and to the extent permitted by applicable law, the following provisions of this Section 7 shall apply, in each case at the direction of the Majority Funds:

(a) Mortgagee's Power of Enforcement. It shall be lawful for Mortgagee to (i) immediately sell the Mortgaged Property either in whole or in separate parcels, as prescribed by the State law, under power of sale, which power is hereby granted to Mortgagee to the full extent permitted by the State law, and thereupon, to make and execute to any purchaser(s) thereof deeds of conveyance pursuant to applicable law or (ii) immediately foreclose this Mortgage by judicial action. The court in which any proceeding is pending for the purpose of foreclosure or enforcement of this Mortgage, or any other court of competent jurisdiction, may, at once or at any time thereafter, either before or after sale, and to the extent permitted by law without notice, and without requiring bond, and without regard to the solvency or insolvency of any Person liable for payment of the Liabilities secured hereby, and without regard to the then value of the Mortgaged Property or the occupancy thereof as a homestead, appoint a receiver (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the Payment Deferral is made) for the benefit of Mortgagee and the Funds, with power to collect the Rents, due and to become due, during such foreclosure or enforcement suit and the full statutory period of redemption notwithstanding any redemption. The receiver, out of the Rents when collected, may pay costs incurred in the management and operation of the Mortgaged Property, prior and subordinate liens, if any, and taxes, assessments, water and other utilities and insurance, then due or thereafter accruing, and may make and pay for any necessary repairs to any and all portion(s) of the Mortgaged Property, and may pay all or any part of the Liabilities or other sums secured hereby or any deficiency decree entered in such foreclosure or enforcement proceedings. Upon or at any time after the filing of a suit to foreclose or enforce this Mortgage, the court in which such suit is filed shall have full power to enter an order placing Mortgagee in possession of the Mortgaged Property with the same power granted to a receiver pursuant to this subparagraph and with all other rights and privileges of a mortgagee-in-possession under applicable law.

(b) Mortgagee's Right to Enter and Take Possession, Operate and Apply Income. Mortgagee and the Funds shall, at their option, have the right, acting through their agents or attorneys, either with or without process of law, forcibly or otherwise, to enter upon and take possession of the Mortgaged Property, expel and remove any Persons, goods, or chattels occupying or upon the same, to the extent permitted under applicable laws, to collect or receive all the Rents, and to manage and control the same, and to lease the same or any part thereof, from time to time, and, after deducting all attorneys' fees and expenses, and all expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, distribute and apply the remaining net income in accordance with the terms of the Deferral Agreement or upon any deficiency decree entered in any foreclosure proceedings.

(c) Rights Under the UCC. Mortgagee may exercise its rights of enforcement and remedies available to it pursuant to the UCC.

(d) Rights in Connection with Bankruptcy. If the Mortgaged Property or any portion thereof or any interest therein becomes property of any bankruptcy estate or subject to any state or federal insolvency proceeding, or in the event of the filing of any voluntary or

involuntary petition under Title 11 of the United States Code, as amended from time to time, and all rules and regulations promulgated thereunder (the "Bankruptcy Code") by or against Mortgagor, any Obligor, or any Guarantor, then Mortgagee shall immediately become entitled, in addition to all other relief to which Mortgagee may be entitled under this Mortgage, the other Fund Documents, at law or in equity, to obtain (i) an order from any bankruptcy court or other appropriate court granting immediate relief from the automatic stay pursuant to § 362 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code) so as to permit Mortgagee to pursue its rights and remedies against Mortgagor as provided under this Mortgage, the other Fund Documents and all other rights and remedies of Mortgagee at law and in equity under applicable State laws, and (ii) an order from the bankruptcy court prohibiting Mortgagor's use of all "cash collateral" as defined under § 363 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code). Mortgagor shall not assert, or request any other Person to assert, that the automatic stay under § 362 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code) operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Mortgagee to enforce any rights it has by virtue of this Mortgage, or any other rights that Mortgagee has, whether now or hereafter acquired, against any obligor or guarantor of the Liabilities (including, without limitation, any Guarantor). Mortgagor shall not seek a supplemental stay or any other relief, whether injunctive or otherwise, pursuant to § 105 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code) or any other provision therein to stay, interdict, condition, reduce or inhibit the ability of Mortgagee to enforce any rights it has by virtue of this Mortgage against any obligor or guarantor of the Liabilities (including, without limitation, any Guarantor). Any bankruptcy petition or other action taken by Mortgagor to stay, condition, or inhibit Mortgagee from exercising its remedies are hereby admitted by Mortgagor to be in bad faith and Mortgagor further admits that Mortgagee would have just cause for relief from the automatic stay in order to take such actions authorized under State law. Mortgagor covenants to give prompt written notice to Mortgagee of the insolvency or bankruptcy filing (whether voluntary or involuntary) of Mortgagor, or the death, insolvency or bankruptcy filing (whether voluntary or involuntary) of any Obligor, or any Guarantor.

8. Application of the Rents or Proceeds from Foreclosure or Sale. In any foreclosure of this Mortgage by judicial action, or any sale of all or any portion(s) of the Mortgaged Property by advertisement, in addition to any of the terms and provisions of the Deferral Agreement and this Mortgage, there shall be allowed (and included in the decree for sale in the event of a foreclosure by judicial action) to be paid out of the Rents or the proceeds of such foreclosure proceeding and/or sale:

(a) Liabilities. All of the Liabilities which then remain unpaid;

(b) Other Advances. All other items advanced or paid by Mortgagee pursuant to this Mortgage; and

(c) Costs, Fees and Other Expenses. All court costs, attorneys' fees, paralegals' fees, and other professionals' fees and expenses, appraiser's fees, advertising costs, filing fees and transfer taxes, notice expenses, expenditures for documentary and expert evidence, stenographer's charges, publication costs, other court costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title,

title searches and examinations, title guarantees, title insurance policies, Torrens certificates and similar data with respect to title which Mortgagee in the exercise of its judgment may deem necessary. All such expenses shall become additional Liabilities secured hereby when paid or incurred by Mortgagee in connection with any proceedings, including, but not limited to, probate and bankruptcy proceedings or a deed in lieu of foreclosure, to which Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured or in connection with the preparations for the commencement of any suit for the foreclosure, whether or not actually commenced, or sale by advertisement. The proceeds of any sale (whether through a foreclosure proceeding or Mortgagee's exercise of the power of sale) shall be distributed and applied in accordance with the terms of Section 2.04 of the Deferral Agreement.

9. Right to Perform Mortgagor's Covenants; Cumulative Remedies; Delay or Omission Not a Waiver.

(a) If Mortgagor has failed to keep or perform any covenant whatsoever contained in this Mortgage, Mortgagee may (but shall not be obligated to) perform or attempt to perform said covenant; and any payment made or expense incurred by or on behalf of Mortgagee in the performance or attempted performance of any such covenant, together with any sum expended by or on behalf of Mortgagee that is chargeable to Mortgagor or subject to reimbursement by Mortgagor under the Fund Documents, shall be and become a part of the Liabilities, and Mortgagor promises to pay to Mortgagee, within ten (10) business days after Mortgagee's written demand therefor (whether such demand occurs prior to, simultaneously with, or subsequent to such time that Obligors may be obligated to repay the Obligations secured hereby pursuant to the other Fund Documents) and Mortgagor's receipt of reasonably detailed evidence of such payments, all sums so incurred, paid or expended by or on behalf of Mortgagee, with interest from the date paid, incurred or expended by or on behalf of Mortgagee, at the applicable interest rate then specified by the Fund Documents.

(b) Each remedy or right of Mortgagee shall not be exclusive of but shall be in addition to every other remedy or right now or hereafter existing pursuant to this Mortgage, the Deferral Agreement, the other Fund Documents, at law or in equity. No delay in the exercise or omission to exercise any remedy or right accruing on the occurrence or existence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or acquiescence therein, or rights with respect to any other Event of Default, nor shall it affect any subsequent Event of Default of the same or different nature. Every such remedy or right may be exercised concurrently or independently and when and as often as may be deemed expedient by Mortgagee. If Mortgagee shall have proceeded to invoke any right, remedy, or recourse permitted under the Fund Documents, at law or in equity, and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagee shall have the unqualified right so to do and, in such event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Liabilities, the Fund Documents, the Mortgaged Property or otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if same had never been invoked.

10. Mortgagee's Remedies Against Multiple Parcels. Without limitation of the terms and conditions set forth in Section 26 below, if more than one property, lot, parcel or Lease

is covered by this Mortgage, and if this Mortgage is foreclosed upon, or judgment is entered upon any Liabilities secured hereby, or if Mortgagee exercises its power of sale, execution may be made upon, or Mortgagee may exercise its power of sale against, any one or more of the properties, lots, parcels or Leases and not upon the others, or upon all of such properties or parcels, either together or separately, and at different times or at the same time, and execution sales or sales by advertisement may likewise be conducted separately or concurrently, in each case at Mortgagee's election.

11. No Merger. In the event of a foreclosure of this Mortgage or any other mortgage, deed of trust or deeds to secure debt securing the Liabilities, the Liabilities then due Mortgagee shall not be merged into any decree of foreclosure entered by the court, and Mortgagee may concurrently or subsequently seek to foreclose one or more mortgages, deeds of trust, or deeds to secure debt which also secure said Liabilities.

12. Notices. All notices required or permitted to be given under this Mortgage shall be sent (and deemed received) in the manner and to the addresses set forth in Section 11.15 of the Deferral Agreement, and to Mortgagor at the address set forth above. Any such notice delivered to Mortgagor shall be deemed, for all intents and purposes of the Fund Documents, to have also been delivered to Obligors and any Guarantor, and any such notice delivered to any Obligor pursuant to the Deferral Agreement shall be deemed, for all intents and purposes of the Fund Documents, to have also been delivered to Mortgagor and any Guarantor.

13. Extension of Payments. Mortgagor agrees that, without affecting the liability of any Person for payment of the Liabilities secured hereby or affecting the lien of this Mortgage upon the Mortgaged Property or any part thereof (other than Persons or property explicitly released as a result of the exercise by Mortgagee of its rights and privileges hereunder), Mortgagee may at any time and from time to time, on request of Mortgagor, any Obligor or any Guarantor, without notice to any Person liable for payment of any Liabilities secured hereby, but otherwise subject to the provisions of the Deferral Agreement, extend the time, or agree to alter or amend the terms of payment of such Liabilities. Mortgagor further agrees that any part of the security herein described may be released by Mortgagee at its election (subject to the terms of the Deferral Agreement) with or without consideration without affecting the remainder of the Liabilities or the remainder of the security.

14. Governing Law. Except where the law of the State is expressly referenced in this Mortgage (including in Sections 19 and 27 hereof), this Mortgage and all obligations secured hereby are governed by and to be construed in accordance with the internal laws, but otherwise without regard to the conflict of laws provisions, of the State of New York. The parties stipulate and agree that the State of New York has a substantial relationship to the underlying transactions related to this Mortgage and the parties involved. Notwithstanding the foregoing, the parties stipulate and agree that State law governs issues of lien creation and priority and the procedures for enforcing, in the State, provisional remedies directly related to the real property encumbered hereby, including, without limitation, appointment of a receiver. Wherever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

15. Satisfaction of Mortgage. Upon the full, indefeasible payment of all the Liabilities (other than contingent indemnity obligations), at the time and in the manner provided in the Deferral Agreement or other Fund Document, or upon satisfaction of the conditions set forth in the Deferral Agreement for release of the Mortgaged Property from this Mortgage under Article 9 thereof, the conveyance or lien created by this Mortgage shall terminate and, upon demand therefor following such payment or satisfaction of the conditions set forth in the Deferral Agreement for release of the Mortgaged Property, as the case may be, a satisfaction of mortgage or reconveyance of the Mortgaged Property shall promptly be provided by Mortgagee to Mortgagor.

16. Successors and Assigns Included in Parties. This Mortgage shall be binding upon Mortgagor and upon the successors, assigns and vendees of Mortgagor and the assigns, vendees and other transferees of the Mortgaged Property and shall inure to the benefit of Mortgagee's successors and permitted assigns (for their own benefit and for the benefit of the Funds and their respective successors and permitted assigns); all references herein to Mortgagor and to Mortgagee shall be deemed to include their respective successors and assigns or permitted assigns, as the case may be. Mortgagor's successors and assigns shall include, without limitation, a receiver, trustee or debtor in possession of or for Mortgagor. Wherever used, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders.

17. Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws; Waiver of Right to Trial by Jury.

(a) MORTGAGOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE, ANY OTHER FUND DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). MORTGAGOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS MORTGAGE BY, AMONG OTHER THINGS, THE CORRESPONDING RECIPROCAL WAIVER BY MORTGAGEE OF ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY PURSUANT TO THE CERTIFICATIONS SET FORTH IN SECTION 11.14 OF THE DEFERRAL AGREEMENT.

(b) MORTGAGOR AGREES, TO THE FULL EXTENT PERMITTED BY LAW, THAT AT ALL TIMES FOLLOWING AN EVENT OF DEFAULT AND DURING THE CONTINUANCE THEREOF, NEITHER MORTGAGOR NOR ANYONE CLAIMING THROUGH OR UNDER IT SHALL OR WILL SET UP, CLAIM OR SEEK TO TAKE ADVANTAGE OF ANY APPRAISEMENT, VALUATION, STAY, EXTENSION,

EXEMPTION OR REDEMPTION LAWS NOW OR HEREAFTER IN FORCE, IN ORDER TO PREVENT OR HINDER THE ENFORCEMENT OR FORECLOSURE OF THIS MORTGAGE OR THE ABSOLUTE SALE OF THE MORTGAGED PROPERTY OR THE FINAL AND ABSOLUTE PUTTING INTO POSSESSION THEREOF, IMMEDIATELY AFTER SUCH SALE, OF THE PURCHASER THEREAT; AND MORTGAGOR, FOR ITSELF AND ALL WHO MAY AT ANY TIME CLAIM THROUGH OR UNDER IT, HEREBY WAIVES, TO THE FULLEST EXTENT THAT IT MAY LAWFULLY SO DO, THE BENEFIT OF ALL SUCH LAWS AND ANY AND ALL RIGHT TO HAVE THE ASSETS COMPRISING THE MORTGAGED PROPERTY MARSHALED UPON ANY FORECLOSURE OF THE LIEN HEREOF AND AGREES THAT MORTGAGEE OR ANY COURT HAVING JURISDICTION TO FORECLOSE SUCH LIEN MAY SELL THE MORTGAGED PROPERTY IN PART OR AS AN ENTIRETY. TO THE FULL EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY WAIVES ANY AND ALL STATUTORY OR OTHER RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR DECREE OF FORECLOSURE OF THIS MORTGAGE, ON ITS OWN BEHALF AND ON BEHALF OF EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE MORTGAGED PROPERTY SUBSEQUENT TO THE DATE HEREOF.

18. Interpretation with Other Documents; Mortgagee's Sole Discretion. The terms and provisions of this Mortgage shall be construed to the extent possible consistently with those of the Deferral Agreement as being in addition to and supplementing the provisions of the Deferral Agreement and the other Fund Documents; however, notwithstanding anything in this Mortgage to the contrary, in the event of a conflict or inconsistency between this Mortgage and the Deferral Agreement, the provisions of the Deferral Agreement shall govern and control, except to the extent that the terms and conditions in question are provided for more stringently within this Mortgage than as are set forth in the Deferral Agreement (such as, by means of example and without limitation, the flood insurance and related requirements and obligations that are set forth in Section 5 hereof), it being the intention of Mortgagor and Mortgagee, for all intents and purposes of the Fund Documents, that the most stringent terms and conditions prospectively at issue shall govern and control. Whenever pursuant to this Mortgage or the other Fund Documents Mortgagee or the Funds exercise any right given to them to elect, consent, approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee and the Funds or determined in the judgment of Mortgagee and the Funds, the decision of Mortgagee or the Funds to elect, consent, approve or disapprove, or to decide that arrangements or terms are satisfactory or not satisfactory, shall be in the sole good faith discretion of Mortgagee or the Funds and shall be final and conclusive, except as may be otherwise expressly and specifically provided elsewhere herein or in the Deferral Agreement.

19. Security. This Mortgage shall secure not only presently existing obligations under the Deferral Agreement and the other Fund Documents (including, without limitation, the Guarantee), but also future financial accommodations that constitute Obligations under the Deferral Agreement (whether such accommodations are obligatory or are to be made at the option of Mortgagee, or otherwise), to the same extent and with the same priority as if such future accommodations were made on the date of the execution of this Mortgage, and without regard as to whether or not there is any indebtedness outstanding at the effective date of this Mortgage or at the date any such accommodation is made. **[IF IN A MORTGAGE TAX STATE OR A STATE WHERE IT IS CUSTOMARY TO INSERT A MULTIPLE OF**

THE INDEBTEDNESS AS THE MAXIMUM PRINCIPAL INDEBTEDNESS: Subject to the limitations upon the maximum amount secured hereby, this Mortgage secures all present and future Obligations under the Deferral Agreement, and all other sums from time to time owing to the Funds by Obligors and/or Mortgagor under the Fund Documents. Notwithstanding anything contained in this Mortgage to the contrary, the maximum principal amount which may be secured hereby at any one time is [] Dollars (\$[]), plus interest thereon, and any disbursements made by Mortgagee for the payment of taxes, special assessments, or insurance on the Mortgaged Property, with interest on such disbursements; provided, however, that the foregoing limitation shall apply only to the maximum amount of the lien created by this Mortgage, and it shall not in any manner limit, affect or impair any grant of a security interest or other right in favor of Mortgagee or the Funds under the provisions of the Deferral Agreement or under any of the other Fund Documents at any time executed by Obligors or Mortgagor or any Guarantor.] [OR] [This Mortgage secures all present and future Obligations under the Deferral Agreement, and all other sums from time to time owing to the Funds by Obligors and/or Mortgagor under the Fund Documents.] To the fullest extent permitted by applicable law, the lien of this Mortgage, as to all such sums so owed, shall have priority over all subsequent liens and encumbrances, including statutory liens (excepting solely taxes and assessments levied on the Mortgaged Property secured by this Mortgage).

20. Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Deferral Agreement shall not be in any way affected, prejudiced or disturbed thereby. In the event that the application of any of the covenants, agreements, terms or provisions of this Mortgage is held to be invalid, illegal or unenforceable, those covenants, agreements, terms and provisions shall not be in any way affected, prejudiced or disturbed when otherwise applied.

21. Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Obligors and/or Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

22. Time of the Essence. Mortgagor shall pay the Liabilities at the time and in the manner provided in the Deferral Agreement, this Mortgage and the other Fund Documents. Mortgagor will duly and punctually perform all of the covenants, conditions and agreements contained in the Deferral Agreement, this Mortgage and the other Fund Documents, all of which covenants, conditions and agreements are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein. Time is of the essence with respect to the provisions of this Mortgage.

23. Headings For Convenience Only; No Strict Construction. The headings and captions of various sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions

hereof. Mortgagor and Mortgagee, with the assistance of their respective legal counsel, have participated jointly in the negotiation and drafting of this Mortgage. In the event an ambiguity or question of intent or interpretation arises, this Mortgage shall be construed as if drafted jointly by Mortgagor and Mortgagee and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Mortgage.

24. Transfer or Encumbrance of the Mortgaged Property.

(a) Mortgagor acknowledges that Mortgagee has examined and relied on the creditworthiness and experience of Mortgagor in owning and operating properties such as the Mortgaged Property in agreeing to make the Payment Deferral, and that Mortgagee will continue to rely on Mortgagor's ownership of the Mortgaged Property as a means of maintaining the value of the Mortgaged Property as security for repayment of the Liabilities. Except as expressly permitted pursuant to Subsection 24(c) below (if and as applicable), Mortgagor shall not cause or suffer to occur or exist, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, any sale, transfer, mortgage, pledge, lien or encumbrance (other than Permitted Liens) (collectively, "Transfers") of all or any part of the Mortgaged Property or any interest therein.

(b) Mortgagee's written consent to any Transfer of the Mortgaged Property or any interest in Mortgagor shall not be deemed to be a waiver of Mortgagee's right to require such consent to any future occurrence of same. Any attempted or purported Transfer of the Mortgaged Property or of any direct or indirect interest in Mortgagor, if made in contravention of this Section 24, shall be null and void ab initio and of no force and effect.

(c) Notwithstanding the foregoing or anything set forth in this Section 24 to the contrary, Mortgagor may (i) consummate any Asset Sale, which may include the Transfer of the Mortgaged Property (or any portion thereof) or any interest in Mortgagor, to the extent permitted under, and subject to the applicable terms, conditions and limitations of, Section 7.01 of the Deferral Agreement, and (ii) merge into or amalgamate or consolidate with any other Person, or permit any other Person to merge into or amalgamate or consolidate with it, so long as the surviving entity assumes or remains liable for the Liabilities to the same extent Mortgagor was liable for the Liabilities immediately prior to such merger, amalgamation or consolidation.

25. Mortgagor's Covenants, Representations and Warranties; Survival of Obligations, Covenants, Representations and Warranties; Covenants Running with the Land.

(a) Mortgagor hereby covenants, represents and warrants that:

(i) Mortgagor is duly authorized to make and enter into this Mortgage and to carry out the transactions contemplated herein;

(ii) The execution, delivery and performance of this Mortgage by Mortgagor (A) are within its corporate or equivalent power and authority and (B) have been duly authorized by all necessary corporate or equivalent action; this Mortgage has been duly executed and delivered by Mortgagor and constitutes a legal, valid and binding obligation of Mortgagor, enforceable against Mortgagor in accordance with its terms, subject, however, to bankruptcy and other law, decisional or statutory, of general

application affecting the enforcement of creditors' rights, and to the fact that the availability of the remedy of specific performance or of injunctive relief in equity is subject to the discretion of the court before which any proceeding therefor may be brought;

(iii) To the knowledge of Mortgagor, Mortgagor is not now in default (beyond any applicable cure period) under any material instruments or obligations relating to the Mortgaged Property and Mortgagor has not received any written notice from any Person asserting any claim of default against Mortgagor relating to the Mortgaged Property;

(iv) To the knowledge of Mortgagor, the execution and performance of this Mortgage and the consummation of the transactions hereby contemplated will not result in any breach of, or constitute a default under, the Senior Credit Facility (as defined in the Deferral Agreement);

(v) There are no actions, investigations, suits or proceedings (including, without limitation, any condemnation or bankruptcy proceedings) pending or, to the knowledge of Mortgagor, overtly threatened in writing against or affecting Mortgagor or the Mortgaged Property, or which, if adversely determined against Mortgagor or the Mortgaged Property, may be reasonably expected to adversely affect the validity or enforceability of this Mortgage, at law or in equity, or before or by any Governmental Authority; Mortgagor is not in violation (beyond any applicable cure period) with respect to any writ, injunction, decree or demand of any court or any Governmental Authority affecting the Mortgaged Property;

(vi) To the knowledge of Mortgagor and except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and, to the extent applicable, Mortgagor or such Obligor shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP, the Mortgaged Property presently complies with, and will continue to comply with, all applicable restrictive covenants and applicable zoning and subdivision ordinances, building codes and other applicable laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; and

(vii) To the knowledge of Mortgagor, Mortgagor owns, is licensed, or otherwise has the right to use or is in possession of all licenses, permits and required approvals or authorizations from all necessary Governmental Authorities, patents, trademarks, service marks, trade names, copyrights, franchises, authorizations and other rights that are necessary for its operations on the Mortgaged Property, without conflict with the rights of any other Person with respect thereto, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Each and all of the covenants, obligations, representations and warranties of Mortgagor shall survive the execution and delivery of the Fund Documents and the transfer or assignment of this Mortgage (including, without limitation, any Transfer and/or any transfer or assignment by Mortgagee of any of its rights, title and interest in and to the Mortgaged Property or any part thereof to any Person, whether or not affiliated with Mortgagee).

(c) All covenants, conditions, warranties, representations and other obligations contained in this Mortgage and the other Fund Documents are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property until the lien of this Mortgage has been fully released by Mortgagee, pursuant to the terms hereof.

26. Contemporaneous Security Instruments. THIS MORTGAGE IS MADE IN ADDITION TO OTHER SECURITY INSTRUMENTS GIVEN BY MORTGAGOR, OBLIGORS AND THEIR AFFILIATES TO SECURE THE OBLIGATIONS (collectively, the "Other Security Instruments"), WHICH OTHER SECURITY INSTRUMENTS COVER PROPERTIES LOCATED IN VARIOUS STATES AND COMMONWEALTHS OF THE UNITED STATES OF AMERICA AND OTHER COUNTRIES. The Other Security Instruments further secure the obligations of Obligors, Mortgagor and any Guarantor under the Fund Documents. Upon the occurrence and during the continuance of an Event of Default, and subject to the terms of each applicable agreement or instrument, Mortgagee may proceed under this Mortgage and/or any one or more of the Other Security Instruments against any of the other property secured thereby and/or the Mortgaged Property, in one or more parcels and in such manner and order as Mortgagee shall elect. MORTGAGOR HEREBY IRREVOCABLY WAIVES AND RELEASES, TO THE EXTENT PERMITTED BY LAW, AND WHETHER NOW OR HEREAFTER IN FORCE, ANY RIGHT TO HAVE THE MORTGAGED PROPERTY AND/OR ANY SUCH OTHER PROPERTY SECURED BY THE OTHER SECURITY INSTRUMENTS, MARSHALLED UPON ANY FORECLOSURE OF THIS MORTGAGE OR ANY OF THE OTHER SECURITY INSTRUMENTS. For the avoidance of doubt, Mortgagee shall not be responsible for the perfection of this Mortgage and the lien and security interest intended to be created hereby nor the filing, form, content or renewal of this Mortgage, any Other Security Instruments, or any other instruments in addition or supplemental thereto.

27. State Specific Provisions. The terms and provisions set forth below in this Section 27 shall be construed, to the greatest extent possible, consistently with those set forth elsewhere in this Mortgage as being in addition to and supplementing such other terms and provisions set forth elsewhere in this Mortgage; however, notwithstanding anything to the contrary set forth elsewhere in this Mortgage, in the event of any conflict or inconsistency between the terms and provisions of this Section 27 and the terms and provisions set forth elsewhere in this Mortgage, the following terms and provisions of this Section 27 shall govern and control:

[State-Specific Provisions To Come On State-By-State Basis]

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, this Mortgage is executed as of the day and year first above written by the Person (or Persons) identified below on behalf of Mortgagor.

MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

MORTGAGOR:

[_____],
a [_____]

By _____
Name _____
Its _____

Attest:

Its _____

STATE OF)
) SS.
COUNTY OF)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that _____ and _____ whose names as
and _____ of _____, a _____, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this
day that, being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said
corporation.

Given under my hand and Official seal this _____ day of _____, 2009.

Notary Public

(Seal)

My Commission Expires: _____

Notary Public in and for the
State of _____

EXHIBIT A

Legal Description of the Land

(See attached)

The attached legal description relates to the following:

ADDRESS OF PREMISES:

[_____
_____, _____]

[PIN – **TBD if necessary**]

Based on information and records provided by Mortgagor, the street address above relates to the attached legal description; however, in the event of a conflict between the street address and the legal description, the legal description shall control.

Exhibit B-2
Form of Second Priority Mortgage

This document was prepared
by and after recording
should be returned to:

Site No. []
[] County, [State/Commonwealth] of []

MORTGAGE, SECURITY AGREEMENT,
FINANCING STATEMENT, FIXTURE FILING AND
ASSIGNMENT OF RENTS AND LEASES

THIS MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT, FIXTURE FILING AND ASSIGNMENT OF RENTS AND LEASES (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Mortgage") is executed as of the date acknowledged below, but is granted and made effective as of the day of , 2009, by [], a [] ("Mortgagor"), having its principal place of business at c/o YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211, Attention: Treasurer, to WILMINGTON TRUST COMPANY, a Delaware banking corporation, having an office at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: W. Thomas Morris, Vice President, as Agent (together with its successors and assigns, in such capacity, "Mortgagee"), for its benefit and for the benefit of the "Funds" as defined in the Deferral Agreement (as hereinafter defined). Except as otherwise provided herein, all capitalized terms used but not defined herein shall have the respective meanings given to them in the Deferral Agreement.

WITNESSETH:

WHEREAS, YRC Inc., a Delaware corporation ("YRC"), USF Holland Inc., a Michigan corporation ("Holland"), New Penn Motor Express, Inc., a Pennsylvania corporation ("New Penn") and USF Reddaway Inc., an Oregon corporation ("Reddaway"), and together with YRC, Holland and New Penn, each an "Obligor", and collectively, "Obligors", the Funds and Mortgagee have entered into that certain Contribution Deferral Agreement dated [], 2009 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Deferral Agreement");

WHEREAS, pursuant to and following satisfaction of the conditions set forth in the Deferral Agreement, the Funds have deferred the time of payment required of Obligors of certain contributions due to the Funds from Obligors under the CBA and have agreed to extend certain other financial accommodations from time to time to Obligors;

WHEREAS, Mortgagor [is an Obligor,] [OR] [is a Guarantor under the Guarantee,] is an Affiliate of one or more of Obligors and has derived and will continue to derive direct and indirect economic benefit from the financial accommodations made by the Funds to Obligors; and

WHEREAS, Mortgagee and the Funds have required, pursuant to the terms of the Deferral Agreement, that Mortgagor enter into this Mortgage and grant to Mortgagee the liens and security interests referred to herein to secure the Obligations, including, without limitation: (i) payment of all Deferred Pension Payments, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Deferred Pension Payments when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) payment of all other indemnities, fees, costs, and expenses (including, without limitation, the fees and expenses of Mortgagee, Mortgagee's sub-agents, and legal counsel reimbursable under the Deferral Agreement), whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of Obligors under the Deferral Agreement, this Mortgage and the other Fund Documents (the aforesaid obligations shall be hereinafter referred to collectively as the "Liabilities");

NOW, THEREFORE, in consideration of the premises contained herein and to secure payment and performance of the Liabilities and in consideration of One Dollar (\$1.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, Mortgagor does hereby assign, bargain, sell, pledge, grant, remise, release, alien, convey, hypothecate, mortgage and warrant to Mortgagee, its successors and assigns, the following described real estate (the "Land") in [] County, [] and all of the other real property portions of the Mortgaged Property (as defined below), and does further grant a security interest to Mortgagee, its successors and permitted assigns, in all such portions of the Mortgaged Property that may be secured under the Uniform Commercial Code in effect in the State of [] (the "State") (said Uniform Commercial Code is hereinafter referred to as the "UCC"; terms defined in the UCC which are not otherwise defined in this Mortgage are used herein as defined in the UCC):

See Exhibit A attached hereto and by this reference made a part hereof for the legal description of the Land,

subject, however, to the Permitted Liens, which Land, together with all right, title and interest, if any, which Mortgagor may now have or hereafter acquire in and to all improvements, buildings and structures now or hereafter located thereon of every nature whatsoever, is herein called the "Premises".

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to (a) all easements, rights of way, gores of land or any lands occupied by streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and public places adjoining said Land, and any other interests in property constituting

appurtenances to the Premises, or which hereafter shall in any way belong, relate or be appurtenant thereto, (b) all hereditaments, gas, oil, minerals (together (in each case, whether or not extracted from the Premises) with the right to extract, sever and remove such gas, oil and minerals), and easements, of every nature whatsoever, located in or on the Premises and all other rights and privileges thereunto belonging or appertaining, (c) all water, ditch, well and reservoir rights which are appurtenant to or which have been used in connection with the Land, (d) all development rights associated with the Land, whether previously or subsequently transferred to the Land from other real property or now or hereafter susceptible of transfer from such Land to other real property, (e) any land lying between the boundaries of the Land and the center line of any adjacent street, road, avenue or alley, whether opened or proposed, (f) all other or greater rights and interests of every nature in the Premises and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Mortgagor, and (g) all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the rights and interests described in subparagraphs (a) through (f) above (collectively, hereinafter the "Property Rights").

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to all fixtures and appurtenances of every nature whatsoever owned or leased by Mortgagor now or hereafter located in, on or attached to, and used in connection with, or with the operation of, the Premises, including, but not limited to: (a) all apparatus, machinery and equipment; and (b) all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the foregoing (the items described in the foregoing clauses (a) and (b) being hereinafter collectively referred to as the "Fixtures"). It is mutually agreed, intended and declared that the Premises and all of the Property Rights and Fixtures owned by Mortgagor (referred to collectively herein as the "Real Property") shall, so far as permitted by law, be deemed to form a part and parcel of the Land and for the purpose of this Mortgage to be real estate that is covered by the lien of this Mortgage. It is also agreed that if any of the property herein mortgaged is of a nature so that a security interest therein can be perfected under the UCC in effect in the State, this instrument shall constitute a security agreement, fixture filing and financing statement, and Mortgagor agrees to execute, deliver and file or refile, and hereby authorizes Mortgagee and the Funds to prepare and file or refile, without Mortgagor's consent but with prior notice to Mortgagor, any financing statement, continuation statement, or other instruments Mortgagee or the Funds may reasonably require from time to time to perfect or renew such security interest under the UCC. To the extent permitted by law, (i) all of the Fixtures are or are to become fixtures on the Land and (ii) this instrument, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture-filing" within the meaning of Sections [9-102, 9-501 and 9-502] of the UCC. Subject to the terms and conditions of the Deferral Agreement, the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to that part of the security in which a security interest may be perfected under the UCC, by the specific statutory consequences now or hereafter enacted and specified in the UCC, all at Mortgagee's sole election.

TOGETHER WITH all the estate, right, title and interest of Mortgagor in and to: (i) all judgments, insurance proceeds, awards of damages and settlements resulting from condemnation proceedings or the taking of the Real Property, or any part thereof, under the

power of eminent domain or for any damage (whether caused by such taking or otherwise) to the Real Property, or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the Real Property or any part thereof; and (except as otherwise provided herein) Mortgagee is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and to apply the same as provided in the Deferral Agreement; (ii) all contract rights, accounts, general intangibles, actions and rights in action relating to the Real Property, including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Real Property; (iii) all accounts and payment intangibles arising out of the sales at the wellhead or mine head of oil, gas or other minerals in which Mortgagee had an interest before extraction thereof; and (iv) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Real Property. The rights and interests described in this paragraph are hereinafter collectively referred to as the “Intangibles”. Notwithstanding any of the foregoing or anything to the contrary set forth elsewhere in this Mortgage, the security interests in and to the Intangibles created hereby and pursuant to the other Fund Documents in favor of Mortgagee (for its own benefit and for the benefit of the Funds), shall be governed by the terms and conditions of the UCC then in effect in the State.

As additional security for the Liabilities secured hereby, Mortgagor (i) does hereby absolutely pledge and assign to Mortgagee, for its benefit and for the benefit of the Funds, from and after the date hereof (including any period of redemption), primarily and on a parity with the Real Property, and not secondarily, all the rents, issues and profits of the Real Property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including any letters of credit, letter-of-credit rights supporting obligations, or other credit support for any rents or leases and all deposits of money as advance rent, for security or as earnest money or as down payment for the purchase of all or any part of the Real Property) (collectively, the “Rents”) under any and all present and future leases, subleases, contracts or other agreements to which it is a party as a lessor and relative to its ownership or occupancy of all or any portion of the Real Property (collectively, the “Leases”), and (ii) except to the extent such a transfer or assignment is not permitted by the terms thereof, does hereby transfer and assign to Mortgagee, for its benefit and for the benefit of the Funds, all such Leases (including all of Mortgagor’s rights under any contracts for the sale of any portion of the Mortgaged Property and all of Mortgagor’s revenues and royalties under any oil, gas and mineral leases relating to the Real Property or accruing to it). Mortgagee hereby licenses to Mortgagor, until an Event of Default (as defined in the Deferral Agreement) shall have occurred and be continuing, the right to collect and use the Rents as they become due and payable under the Leases, but not more than one month in advance thereof (unless otherwise required by the terms of any such related agreement), provided that the existence of such right shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any such subsequent assignment shall be subject to the rights of Mortgagee under this Mortgage. Mortgagor further agrees to execute and deliver such assignments of Leases (including land sale contracts or other agreements) as Mortgagee or the Funds may from time to time reasonably request (which contracts or other agreements shall be in form and substance reasonably acceptable to Mortgagee and the Funds). Upon the occurrence and during the continuance of an Event of Default (1) Mortgagor agrees, upon receipt of written demand from Mortgagee, to deliver to Mortgagee all of the Leases with such additional assignments thereof as Mortgagee may request, and agrees that Mortgagee may assume (or cause a receiver to be

appointed to assume) the management of the Real Property and collect the Rents, applying the same upon the Liabilities in the manner provided in the Deferral Agreement, and (2) Mortgagor hereby authorizes and directs all tenants, purchasers or other Persons occupying or otherwise acquiring any interest in any part of the Real Property to pay the Rents due under the Leases to Mortgagee upon request of Mortgagee. Upon the occurrence and during the continuance of an Event of Default, Mortgagor hereby appoints Mortgagee as its true and lawful attorney in fact to manage (or cause a receiver to be appointed to manage) said property and collect the Rents, with full power to bring suit for collection of the Rents and possession of the Real Property, giving and granting unto said Mortgagee and unto its agents and attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in the protection of the security hereby conveyed; provided, however, that (a) this power of attorney and assignment of rents shall not be construed as an obligation upon said Mortgagee to make or cause to be made any repairs that may be needful or necessary, and (b) Mortgagee agrees that unless such Event of Default has occurred and is continuing as aforesaid, Mortgagee shall permit Mortgagor to perform the aforementioned management responsibilities. Upon Mortgagee's receipt of the Rents, at Mortgagee's option, it may use the proceeds of the Rents to pay: (x) charges for collection thereof or hereunder, costs of necessary repairs and other costs requisite and necessary during the continuance of this power of attorney and assignment of rents; (y) general and special taxes and insurance premiums and deductibles; and (z) any or all of the Liabilities pursuant to the provisions of the Deferral Agreement. This power of attorney and assignment of rents shall be irrevocable until this Mortgage shall have been satisfied and released, and the releasing of this Mortgage shall act as a revocation of this power of attorney and assignment of rents. During the continuance of an Event of Default, Mortgagee shall have and hereby expressly reserves the right and privilege (but assumes no obligation) to demand, collect, sue for, receive and recover the Rents, or any part thereof, now existing or hereafter made, and apply the same in accordance with the provisions of the Deferral Agreement.

All of the property described above, and each item of property therein described, not limited to but including the Land, the Premises, the Property Rights, the Fixtures, the Real Property, the Intangibles, the Rents and the Leases, and all profits and proceeds therefrom and all replacements thereof, are herein collectively referred to as the "Mortgaged Property".

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee-in-possession in the absence of the taking of actual possession of the Mortgaged Property by Mortgagee. Nothing contained in this Mortgage shall be construed as imposing on Mortgagee any of the obligations of the lessor under any Lease of the Mortgaged Property in the absence of an explicit written assumption thereof (on a case-by-case basis) by Mortgagee. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being hereby expressly waived and released by Mortgagor (on behalf of itself and all Persons now or hereafter claiming by or through Mortgagor).

TO HAVE AND TO HOLD the Mortgaged Property, properties, rights and privileges hereby conveyed or assigned, or intended so to be, unto Mortgagee, its beneficiaries (including the Funds), successors and permitted assigns, forever for the uses and purposes herein set forth. Mortgagor (on behalf of itself and all Persons now or hereafter claiming by, through or under Mortgagor) hereby releases and waives all rights under and by virtue of the homestead exemption laws, if any, of the State, and Mortgagor hereby covenants, represents and warrants

that, at the time of the ensembling and delivery of these presents, Mortgagor is well seised of the Mortgaged Property in fee simple and with full legal and equitable title to the Mortgaged Property, with full power and lawful authority to assign, bargain, sell, pledge, grant, remise, release, alien, convey, hypothecate, mortgage and warrant to Mortgagee and its successors and assigns the Mortgaged Property as set forth herein, and that the title to the Mortgaged Property is free and clear of all Liens and other encumbrances, except for the Permitted Liens. Mortgagor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same, subject to the Permitted Liens, to Mortgagee and its successors and permitted assigns against the claims of all Persons claiming by, through or under Mortgagor.

The following provisions shall also constitute an integral part of this Mortgage:

1. Payment of Taxes on the Mortgage. Without limiting any of the provisions of the Deferral Agreement, Mortgagor agrees that, if the United States or any department, agency or bureau thereof or if the State or any of its subdivisions having jurisdiction shall at any time require documentary stamps to be affixed to this Mortgage or shall levy, assess, or charge any tax, assessment or imposition upon this Mortgage or the credit or indebtedness secured hereby or the interest of Mortgagee in the Mortgaged Property or upon Mortgagee by reason of or as holder of any of the foregoing, including, without limitation, any tax, interest or penalty arising in connection with the recordation of this Mortgage or the imposition of documentary stamps or taxes, intangibles taxes or the like, including those required to be paid because of future advances or financial accommodations or an increase in the amount of the Liabilities secured hereby, then, Mortgagor shall pay for such documentary stamps in the required amount and deliver them to Mortgagee or pay (or reimburse Mortgagee for) such taxes, assessments or impositions. Mortgagor agrees to provide to Mortgagee, within ten (10) business days after any such taxes, assessments or impositions become due and payable, and at any other times upon request from Mortgagee, copies of official receipts showing payment of all such taxes, assessments and charges which Mortgagor pays hereunder. Mortgagor agrees to indemnify Mortgagee against liability on account of such documentary stamps, taxes, assessments or impositions, whether such liability arises before or after payment of the Liabilities and regardless of whether this Mortgage shall have been released.

2. Leases Affecting the Real Property. Mortgagor agrees faithfully to perform all of its obligations under all present and future Leases at any time assigned to Mortgagee as additional security, and to refrain from any action or inaction which would result in termination of any such Leases or in the material diminution of the value thereof or of the Rents due thereunder. All future Leases made after the effective date of this Mortgage shall include provisions requiring the lessees thereunder, at Mortgagee's option and without any further documentation, to attorn to Mortgagee as lessor if for any reason Mortgagee becomes lessor thereunder, and to pay rent to Mortgagee during the continuance of an Event of Default, upon demand, and Mortgagee shall not be responsible under such Lease for matters arising prior to Mortgagee becoming lessor thereunder.

3. Use of the Real Property. Mortgagor agrees that it shall not permit the public to use the Real Property in any manner that might tend, in Mortgagee's reasonable judgment, adversely to impair Mortgagor's title to such property or any portion thereof or to

make possible any claim or claims of easement by prescription or of implied dedication to public use other than the Permitted Liens. Mortgagor shall not use or knowingly permit the use of any part of the Real Property for an illegal purpose, including, without limitation, the violation of any Environmental Laws (as hereinafter defined). Moreover, Mortgagor shall duly and punctually observe and perform each and every material term, provision, condition, and covenant to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument (including all instruments comprising the Permitted Liens) affecting or pertaining to the Mortgaged Property, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The term "Environmental Laws" as used in this Mortgage means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

4. Indemnification. Mortgagor acknowledges and agrees that any obligations and liabilities of Mortgagor arising under this Mortgage shall be deemed to constitute both (1) Obligations under the Deferral Agreement, and (2) Liabilities under this Mortgage. Without limiting any indemnification that Mortgagor, Obligors or Guarantors have granted in the Deferral Agreement, the Guarantee, or any of the other Fund Documents, Mortgagor hereby agrees, without duplication, to indemnify and hold harmless Mortgagee, all Funds, and any of their respective Affiliates (for purposes of this Section 4, collectively, the "Indemnitees" and each individually, an "Indemnitee") from and against any and all losses, claims, damages, penalties, liabilities and related expenses (including attorneys' fees, paralegals' fees, other professionals' fees, court costs and disbursements) which may be imposed on, incurred or paid by or asserted against either the Mortgaged Property or any of the Indemnitees by reason or on account of or in connection with (i) the construction, reconstruction or alteration of the Mortgaged Property, (ii) any gross negligence or willful misconduct of any Obligor, Mortgagor, any Guarantor, any lessee of the Mortgaged Property, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees, or (iii) to the fullest extent permissible in accordance with applicable laws, any accident, injury, death or damage to any Person or property occurring in, on or about the Mortgaged Property to the extent the same was not caused by the gross negligence or willful misconduct of the Indemnitees; provided that such indemnity shall not, as to any particular Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, willful misconduct, violation of law or breach by such Indemnitee, or claims brought by any Indemnitee against any one or more other Indemnitees; provided further that no such gross negligence, willful misconduct, violation of law or breach by any one or more of the Indemnitees shall be deemed to void, reduce, limit, impair or otherwise affect the indemnification provided for hereunder respecting any and/or all of the other Indemnitees which are not deemed by said court to be responsible for such gross negligence, willful misconduct, violation of law or breach, and all Indemnitees not held by said court to be responsible for same shall be entitled to the full scope of the indemnification contemplated hereunder as if such gross negligence, willful misconduct, violation of law or breach by one or more of the Indemnitees which are deemed to be responsible by said court for same did not exist.

5. Insurance and Impositions.

(a) Mortgagor shall, at its sole expense, obtain for, deliver to and maintain for the benefit of Mortgagee and all Funds, until the Liabilities are paid in full: (1) all insurance policies as required pursuant to Section 6.05 of the Deferral Agreement; and (2) flood insurance, if (i) the surveyor preparing the survey of the Mortgaged Property (or a standard flood hazard determination certificate issued by a flood hazard certification firm acceptable to Mortgagee and the Funds) determines that all or any portion of the improved Real Property is situated within a special hazard flood area, as designated by the applicable Governmental Authority (as defined below), and (ii) such flood insurance is then required by the National Flood Insurance Reform Act of 1994 et. seq. (as amended, the “Flood Act”), or by other applicable laws, rules or regulations, or by Mortgagee in accordance with Mortgagee’s standard policies and practices. If any flood insurance is required to be obtained in accordance with the preceding sentence, then Mortgagor shall, at its sole expense: (I) purchase flood insurance covering the Mortgaged Property in such amounts as may be required or otherwise specified by the Flood Act or by Mortgagee and the Funds (whichever stipulated amount may be greater); and (II) take any and all other actions as Mortgagee and the Funds may deem necessary or desirable to comply with the Flood Act, other applicable laws and/or Mortgagee’s standard policies and practices. In the event of any casualty loss affecting all or any part of the Mortgaged Property, the net insurance proceeds from any insurance policies covering the Mortgaged Property shall be collected, paid and applied as specified in the Deferral Agreement, or if not so specified, such proceeds shall be paid over and remitted to Mortgagor. The term “Governmental Authority” as used in this Mortgage means the government of the United States or any other nation, or of any political subdivision thereof, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

(b) Mortgagor shall promptly cause to be paid all impositions of real estate taxes, assessments and insurance premiums and deductibles that if not paid, could result in a Material Adverse Effect (collectively, the “Impositions”) now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof before the same shall become delinquent or in default, except where: (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Mortgagor has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect. If requested by Mortgagee, Mortgagor shall furnish to Mortgagee or its designee receipts for the payment of the Impositions.

6. Condemnation Awards. Mortgagor hereby assigns to Mortgagee, as additional security, all awards of damage resulting from condemnation proceedings or the taking of or injury to the Mortgaged Property for public use, and Mortgagor agrees that the proceeds of all such awards shall be collected, paid and applied as specified in the Deferral Agreement.

7. Event of Default and Remedies. The term “Event of Default” as used herein shall have the meaning ascribed to such term pursuant to the Deferral Agreement. Subject to the provisions of the Deferral Agreement, upon the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies provided for in the Deferral

Agreement, the Guarantee and/or any of the other Fund Documents, and to the extent permitted by applicable law, the following provisions of this Section 7 shall apply, in each case at the direction of the Majority Funds:

(a) Mortgagee's Power of Enforcement. It shall be lawful for Mortgagee to (i) immediately sell the Mortgaged Property either in whole or in separate parcels, as prescribed by the State law, under power of sale, which power is hereby granted to Mortgagee to the full extent permitted by the State law, and thereupon, to make and execute to any purchaser(s) thereof deeds of conveyance pursuant to applicable law or (ii) immediately foreclose this Mortgage by judicial action. The court in which any proceeding is pending for the purpose of foreclosure or enforcement of this Mortgage, or any other court of competent jurisdiction, may, at once or at any time thereafter, either before or after sale, and to the extent permitted by law without notice, and without requiring bond, and without regard to the solvency or insolvency of any Person liable for payment of the Liabilities secured hereby, and without regard to the then value of the Mortgaged Property or the occupancy thereof as a homestead, appoint a receiver (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the Payment Deferral is made) for the benefit of Mortgagee and the Funds, with power to collect the Rents, due and to become due, during such foreclosure or enforcement suit and the full statutory period of redemption notwithstanding any redemption. The receiver, out of the Rents when collected, may pay costs incurred in the management and operation of the Mortgaged Property, prior and subordinate liens, if any, and taxes, assessments, water and other utilities and insurance, then due or thereafter accruing, and may make and pay for any necessary repairs to any and all portion(s) of the Mortgaged Property, and may pay all or any part of the Liabilities or other sums secured hereby or any deficiency decree entered in such foreclosure or enforcement proceedings. Upon or at any time after the filing of a suit to foreclose or enforce this Mortgage, the court in which such suit is filed shall have full power to enter an order placing Mortgagee in possession of the Mortgaged Property with the same power granted to a receiver pursuant to this subparagraph and with all other rights and privileges of a mortgagee-in-possession under applicable law.

(b) Mortgagee's Right to Enter and Take Possession, Operate and Apply Income. Mortgagee and the Funds shall, at their option, have the right, acting through their agents or attorneys, either with or without process of law, forcibly or otherwise, to enter upon and take possession of the Mortgaged Property, expel and remove any Persons, goods, or chattels occupying or upon the same, to the extent permitted under applicable laws, to collect or receive all the Rents, and to manage and control the same, and to lease the same or any part thereof, from time to time, and, after deducting all attorneys' fees and expenses, and all expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, distribute and apply the remaining net income in accordance with the terms of the Deferral Agreement or upon any deficiency decree entered in any foreclosure proceedings.

(c) Rights Under the UCC. Mortgagee may exercise its rights of enforcement and remedies available to it pursuant to the UCC.

(d) Rights in Connection with Bankruptcy. If the Mortgaged Property or any portion thereof or any interest therein becomes property of any bankruptcy estate or subject to any state or federal insolvency proceeding, or in the event of the filing of any voluntary or

involuntary petition under Title 11 of the United States Code, as amended from time to time, and all rules and regulations promulgated thereunder (the "Bankruptcy Code") by or against Mortgagor, any Obligor, or any Guarantor, then Mortgagee shall immediately become entitled, in addition to all other relief to which Mortgagee may be entitled under this Mortgage, the other Fund Documents, at law or in equity, to obtain (i) an order from any bankruptcy court or other appropriate court granting immediate relief from the automatic stay pursuant to § 362 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code) so as to permit Mortgagee to pursue its rights and remedies against Mortgagor as provided under this Mortgage, the other Fund Documents and all other rights and remedies of Mortgagee at law and in equity under applicable State laws, and (ii) an order from the bankruptcy court prohibiting Mortgagor's use of all "cash collateral" as defined under § 363 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code). Mortgagor shall not assert, or request any other Person to assert, that the automatic stay under § 362 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code) operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Mortgagee to enforce any rights it has by virtue of this Mortgage, or any other rights that Mortgagee has, whether now or hereafter acquired, against any obligor or guarantor of the Liabilities (including, without limitation, any Guarantor). Mortgagor shall not seek a supplemental stay or any other relief, whether injunctive or otherwise, pursuant to § 105 of the Bankruptcy Code (or similar successor provisions under the Bankruptcy Code) or any other provision therein to stay, interdict, condition, reduce or inhibit the ability of Mortgagee to enforce any rights it has by virtue of this Mortgage against any obligor or guarantor of the Liabilities (including, without limitation, any Guarantor). Any bankruptcy petition or other action taken by Mortgagor to stay, condition, or inhibit Mortgagee from exercising its remedies are hereby admitted by Mortgagor to be in bad faith and Mortgagor further admits that Mortgagee would have just cause for relief from the automatic stay in order to take such actions authorized under State law. Mortgagor covenants to give prompt written notice to Mortgagee of the insolvency or bankruptcy filing (whether voluntary or involuntary) of Mortgagor, or the death, insolvency or bankruptcy filing (whether voluntary or involuntary) of any Obligor, or any Guarantor.

8. Application of the Rents or Proceeds from Foreclosure or Sale. In any foreclosure of this Mortgage by judicial action, or any sale of all or any portion(s) of the Mortgaged Property by advertisement, in addition to any of the terms and provisions of the Deferral Agreement and this Mortgage, there shall be allowed (and included in the decree for sale in the event of a foreclosure by judicial action) to be paid out of the Rents or the proceeds of such foreclosure proceeding and/or sale:

(a) Liabilities. All of the Liabilities which then remain unpaid;

(b) Other Advances. All other items advanced or paid by Mortgagee pursuant to this Mortgage; and

(c) Costs, Fees and Other Expenses. All court costs, attorneys' fees, paralegals' fees, and other professionals' fees and expenses, appraiser's fees, advertising costs, filing fees and transfer taxes, notice expenses, expenditures for documentary and expert evidence, stenographer's charges, publication costs, other court costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title,

title searches and examinations, title guarantees, title insurance policies, Torrens certificates and similar data with respect to title which Mortgagee in the exercise of its judgment may deem necessary. All such expenses shall become additional Liabilities secured hereby when paid or incurred by Mortgagee in connection with any proceedings, including, but not limited to, probate and bankruptcy proceedings or a deed in lieu of foreclosure, to which Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured or in connection with the preparations for the commencement of any suit for the foreclosure, whether or not actually commenced, or sale by advertisement. The proceeds of any sale (whether through a foreclosure proceeding or Mortgagee's exercise of the power of sale) shall be distributed and applied in accordance with the terms of Section 2.04 of the Deferral Agreement.

9. Right to Perform Mortgagor's Covenants; Cumulative Remedies; Delay or Omission Not a Waiver.

(a) If Mortgagor has failed to keep or perform any covenant whatsoever contained in this Mortgage, Mortgagee may (but shall not be obligated to) perform or attempt to perform said covenant; and any payment made or expense incurred by or on behalf of Mortgagee in the performance or attempted performance of any such covenant, together with any sum expended by or on behalf of Mortgagee that is chargeable to Mortgagor or subject to reimbursement by Mortgagor under the Fund Documents, shall be and become a part of the Liabilities, and Mortgagor promises to pay to Mortgagee, within ten (10) business days after Mortgagee's written demand therefor (whether such demand occurs prior to, simultaneously with, or subsequent to such time that Obligors may be obligated to repay the Obligations secured hereby pursuant to the other Fund Documents) and Mortgagor's receipt of reasonably detailed evidence of such payments, all sums so incurred, paid or expended by or on behalf of Mortgagee, with interest from the date paid, incurred or expended by or on behalf of Mortgagee, at the applicable interest rate then specified by the Fund Documents.

(b) Each remedy or right of Mortgagee shall not be exclusive of but shall be in addition to every other remedy or right now or hereafter existing pursuant to this Mortgage, the Deferral Agreement, the other Fund Documents, at law or in equity. No delay in the exercise or omission to exercise any remedy or right accruing on the occurrence or existence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or acquiescence therein, or rights with respect to any other Event of Default, nor shall it affect any subsequent Event of Default of the same or different nature. Every such remedy or right may be exercised concurrently or independently and when and as often as may be deemed expedient by Mortgagee. If Mortgagee shall have proceeded to invoke any right, remedy, or recourse permitted under the Fund Documents, at law or in equity, and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagee shall have the unqualified right so to do and, in such event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Liabilities, the Fund Documents, the Mortgaged Property or otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if same had never been invoked.

10. Mortgagee's Remedies Against Multiple Parcels. Without limitation of the terms and conditions set forth in Section 26 below, if more than one property, lot, parcel or Lease

is covered by this Mortgage, and if this Mortgage is foreclosed upon, or judgment is entered upon any Liabilities secured hereby, or if Mortgagee exercises its power of sale, execution may be made upon, or Mortgagee may exercise its power of sale against, any one or more of the properties, lots, parcels or Leases and not upon the others, or upon all of such properties or parcels, either together or separately, and at different times or at the same time, and execution sales or sales by advertisement may likewise be conducted separately or concurrently, in each case at Mortgagee's election.

11. No Merger. In the event of a foreclosure of this Mortgage or any other mortgage, deed of trust or deeds to secure debt securing the Liabilities, the Liabilities then due Mortgagee shall not be merged into any decree of foreclosure entered by the court, and Mortgagee may concurrently or subsequently seek to foreclose one or more mortgages, deeds of trust, or deeds to secure debt which also secure said Liabilities.

12. Notices. All notices required or permitted to be given under this Mortgage shall be sent (and deemed received) in the manner and to the addresses set forth in Section 11.15 of the Deferral Agreement, and to Mortgagor at the address set forth above. Any such notice delivered to Mortgagor shall be deemed, for all intents and purposes of the Fund Documents, to have also been delivered to Obligors and any Guarantor, and any such notice delivered to any Obligor pursuant to the Deferral Agreement shall be deemed, for all intents and purposes of the Fund Documents, to have also been delivered to Mortgagor and any Guarantor.

13. Extension of Payments. Mortgagor agrees that, without affecting the liability of any Person for payment of the Liabilities secured hereby or affecting the lien of this Mortgage upon the Mortgaged Property or any part thereof (other than Persons or property explicitly released as a result of the exercise by Mortgagee of its rights and privileges hereunder), Mortgagee may at any time and from time to time, on request of Mortgagor, any Obligor or any Guarantor, without notice to any Person liable for payment of any Liabilities secured hereby, but otherwise subject to the provisions of the Deferral Agreement, extend the time, or agree to alter or amend the terms of payment of such Liabilities. Mortgagor further agrees that any part of the security herein described may be released by Mortgagee at its election (subject to the terms of the Deferral Agreement) with or without consideration without affecting the remainder of the Liabilities or the remainder of the security.

14. Governing Law. Except where the law of the State is expressly referenced in this Mortgage (including in Sections 19 and 27 hereof), this Mortgage and all obligations secured hereby are governed by and to be construed in accordance with the internal laws, but otherwise without regard to the conflict of laws provisions, of the State of New York. The parties stipulate and agree that the State of New York has a substantial relationship to the underlying transactions related to this Mortgage and the parties involved. Notwithstanding the foregoing, the parties stipulate and agree that State law governs issues of lien creation and priority and the procedures for enforcing, in the State, provisional remedies directly related to the real property encumbered hereby, including, without limitation, appointment of a receiver. Wherever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

15. Satisfaction of Mortgage. Upon the full, indefeasible payment of all the Liabilities (other than contingent indemnity obligations), at the time and in the manner provided in the Deferral Agreement or other Fund Document, or upon satisfaction of the conditions set forth in the Deferral Agreement for release of the Mortgaged Property from this Mortgage under Article 9 thereof, the conveyance or lien created by this Mortgage shall terminate and, upon demand therefor following such payment or satisfaction of the conditions set forth in the Deferral Agreement for release of the Mortgaged Property, as the case may be, a satisfaction of mortgage or reconveyance of the Mortgaged Property shall promptly be provided by Mortgagee to Mortgagor.

16. Successors and Assigns Included in Parties. This Mortgage shall be binding upon Mortgagor and upon the successors, assigns and vendees of Mortgagor and the assigns, vendees and other transferees of the Mortgaged Property and shall inure to the benefit of Mortgagee's successors and permitted assigns (for their own benefit and for the benefit of the Funds and their respective successors and permitted assigns); all references herein to Mortgagor and to Mortgagee shall be deemed to include their respective successors and assigns or permitted assigns, as the case may be. Mortgagor's successors and assigns shall include, without limitation, a receiver, trustee or debtor in possession of or for Mortgagor. Wherever used, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders.

17. Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws; Waiver of Right to Trial by Jury.

(a) MORTGAGOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE, ANY OTHER FUND DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). MORTGAGOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS MORTGAGE BY, AMONG OTHER THINGS, THE CORRESPONDING RECIPROCAL WAIVER BY MORTGAGEE OF ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY PURSUANT TO THE CERTIFICATIONS SET FORTH IN SECTION 11.14 OF THE DEFERRAL AGREEMENT.

(b) MORTGAGOR AGREES, TO THE FULL EXTENT PERMITTED BY LAW, THAT AT ALL TIMES FOLLOWING AN EVENT OF DEFAULT AND DURING THE CONTINUANCE THEREOF, NEITHER MORTGAGOR NOR ANYONE CLAIMING THROUGH OR UNDER IT SHALL OR WILL SET UP, CLAIM OR SEEK TO TAKE ADVANTAGE OF ANY APPRAISEMENT, VALUATION, STAY, EXTENSION,

EXEMPTION OR REDEMPTION LAWS NOW OR HEREAFTER IN FORCE, IN ORDER TO PREVENT OR HINDER THE ENFORCEMENT OR FORECLOSURE OF THIS MORTGAGE OR THE ABSOLUTE SALE OF THE MORTGAGED PROPERTY OR THE FINAL AND ABSOLUTE PUTTING INTO POSSESSION THEREOF, IMMEDIATELY AFTER SUCH SALE, OF THE PURCHASER THEREAT; AND MORTGAGOR, FOR ITSELF AND ALL WHO MAY AT ANY TIME CLAIM THROUGH OR UNDER IT, HEREBY WAIVES, TO THE FULLEST EXTENT THAT IT MAY LAWFULLY SO DO, THE BENEFIT OF ALL SUCH LAWS AND ANY AND ALL RIGHT TO HAVE THE ASSETS COMPRISING THE MORTGAGED PROPERTY MARSHALED UPON ANY FORECLOSURE OF THE LIEN HEREOF AND AGREES THAT MORTGAGOR OR ANY COURT HAVING JURISDICTION TO FORECLOSE SUCH LIEN MAY SELL THE MORTGAGED PROPERTY IN PART OR AS AN ENTIRETY. TO THE FULL EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY WAIVES ANY AND ALL STATUTORY OR OTHER RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR DECREE OF FORECLOSURE OF THIS MORTGAGE, ON ITS OWN BEHALF AND ON BEHALF OF EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE MORTGAGED PROPERTY SUBSEQUENT TO THE DATE HEREOF.

18. Interpretation with Other Documents; Mortgagee's Sole Discretion. The terms and provisions of this Mortgage shall be construed to the extent possible consistently with those of the Deferral Agreement as being in addition to and supplementing the provisions of the Deferral Agreement and the other Fund Documents; however, notwithstanding anything in this Mortgage to the contrary, in the event of a conflict or inconsistency between this Mortgage and the Deferral Agreement, the provisions of the Deferral Agreement shall govern and control, except to the extent that the terms and conditions in question are provided for more stringently within this Mortgage than as are set forth in the Deferral Agreement (such as, by means of example and without limitation, the flood insurance and related requirements and obligations that are set forth in Section 5 hereof), it being the intention of Mortgagor and Mortgagee, for all intents and purposes of the Fund Documents, that the most stringent terms and conditions prospectively at issue shall govern and control. Whenever pursuant to this Mortgage or the other Fund Documents Mortgagee or the Funds exercise any right given to them to elect, consent, approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee and the Funds or determined in the judgment of Mortgagee and the Funds, the decision of Mortgagee or the Funds to elect, consent, approve or disapprove, or to decide that arrangements or terms are satisfactory or not satisfactory, shall be in the sole good faith discretion of Mortgagee or the Funds and shall be final and conclusive, except as may be otherwise expressly and specifically provided elsewhere herein or in the Deferral Agreement.

19. Security. This Mortgage shall secure not only presently existing obligations under the Deferral Agreement and the other Fund Documents (including, without limitation, the Guarantee), but also future financial accommodations that constitute Obligations under the Deferral Agreement (whether such accommodations are obligatory or are to be made at the option of Mortgagee, or otherwise), to the same extent and with the same priority as if such future accommodations were made on the date of the execution of this Mortgage, and without regard as to whether or not there is any indebtedness outstanding at the effective date of this Mortgage or at the date any such accommodation is made. **[IF IN A MORTGAGE TAX STATE OR A STATE WHERE IT IS CUSTOMARY TO INSERT A MULTIPLE OF**

THE INDEBTEDNESS AS THE MAXIMUM PRINCIPAL INDEBTEDNESS: Subject to the limitations upon the maximum amount secured hereby, this Mortgage secures all present and future Obligations under the Deferral Agreement, and all other sums from time to time owing to the Funds by Obligors and/or Mortgagor under the Fund Documents. Notwithstanding anything contained in this Mortgage to the contrary, the maximum principal amount which may be secured hereby at any one time is [] Dollars (\$[]), plus interest thereon, and any disbursements made by Mortgagee for the payment of taxes, special assessments, or insurance on the Mortgaged Property, with interest on such disbursements; provided, however, that the foregoing limitation shall apply only to the maximum amount of the lien created by this Mortgage, and it shall not in any manner limit, affect or impair any grant of a security interest or other right in favor of Mortgagee or the Funds under the provisions of the Deferral Agreement or under any of the other Fund Documents at any time executed by Obligors or Mortgagor or any Guarantor.] [OR] [This Mortgage secures all present and future Obligations under the Deferral Agreement, and all other sums from time to time owing to the Funds by Obligors and/or Mortgagor under the Fund Documents.] To the fullest extent permitted by applicable law, the lien of this Mortgage, as to all such sums so owed, shall have priority over all subsequent liens and encumbrances, including statutory liens (excepting solely taxes and assessments levied on the Mortgaged Property secured by this Mortgage).

20. Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Deferral Agreement shall not be in any way affected, prejudiced or disturbed thereby. In the event that the application of any of the covenants, agreements, terms or provisions of this Mortgage is held to be invalid, illegal or unenforceable, those covenants, agreements, terms and provisions shall not be in any way affected, prejudiced or disturbed when otherwise applied.

21. Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Obligors and/or Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

22. Time of the Essence. Mortgagor shall pay the Liabilities at the time and in the manner provided in the Deferral Agreement, this Mortgage and the other Fund Documents. Mortgagor will duly and punctually perform all of the covenants, conditions and agreements contained in the Deferral Agreement, this Mortgage and the other Fund Documents, all of which covenants, conditions and agreements are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein. Time is of the essence with respect to the provisions of this Mortgage.

23. Headings For Convenience Only; No Strict Construction. The headings and captions of various sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions

hereof. Mortgagor and Mortgagee, with the assistance of their respective legal counsel, have participated jointly in the negotiation and drafting of this Mortgage. In the event an ambiguity or question of intent or interpretation arises, this Mortgage shall be construed as if drafted jointly by Mortgagor and Mortgagee and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Mortgage.

24. Transfer or Encumbrance of the Mortgaged Property.

(a) Mortgagor acknowledges that Mortgagee has examined and relied on the creditworthiness and experience of Mortgagor in owning and operating properties such as the Mortgaged Property in agreeing to make the Payment Deferral, and that Mortgagee will continue to rely on Mortgagor's ownership of the Mortgaged Property as a means of maintaining the value of the Mortgaged Property as security for repayment of the Liabilities. Except as expressly permitted pursuant to Subsection 24(c) below (if and as applicable), Mortgagor shall not cause or suffer to occur or exist, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, any sale, transfer, mortgage, pledge, lien or encumbrance (other than Permitted Liens) (collectively, "Transfers") of all or any part of the Mortgaged Property or any interest therein.

(b) Mortgagee's written consent to any Transfer of the Mortgaged Property or any interest in Mortgagor shall not be deemed to be a waiver of Mortgagee's right to require such consent to any future occurrence of same. Any attempted or purported Transfer of the Mortgaged Property or of any direct or indirect interest in Mortgagor, if made in contravention of this Section 24, shall be null and void ab initio and of no force and effect.

(c) Notwithstanding the foregoing or anything set forth in this Section 24 to the contrary, Mortgagor may (i) consummate any Asset Sale, which may include the Transfer of the Mortgaged Property (or any portion thereof) or any interest in Mortgagor, to the extent permitted under, and subject to the applicable terms, conditions and limitations of, Section 7.01 of the Deferral Agreement, and (ii) merge into or amalgamate or consolidate with any other Person, or permit any other Person to merge into or amalgamate or consolidate with it, so long as the surviving entity assumes or remains liable for the Liabilities to the same extent Mortgagor was liable for the Liabilities immediately prior to such merger, amalgamation or consolidation.

25. Mortgagor's Covenants, Representations and Warranties; Survival of Obligations, Covenants, Representations and Warranties; Covenants Running with the Land.

(a) Mortgagor hereby covenants, represents and warrants that:

(i) Mortgagor is duly authorized to make and enter into this Mortgage and to carry out the transactions contemplated herein;

(ii) The execution, delivery and performance of this Mortgage by Mortgagor (A) are within its corporate or equivalent power and authority and (B) have been duly authorized by all necessary corporate or equivalent action; this Mortgage has been duly executed and delivered by Mortgagor and constitutes a legal, valid and binding obligation of Mortgagor, enforceable against Mortgagor in accordance with its terms, subject, however, to bankruptcy and other law, decisional or statutory, of general

application affecting the enforcement of creditors' rights, and to the fact that the availability of the remedy of specific performance or of injunctive relief in equity is subject to the discretion of the court before which any proceeding therefor may be brought;

(iii) To the knowledge of Mortgagor, Mortgagor is not now in default (beyond any applicable cure period) under any material instruments or obligations relating to the Mortgaged Property and Mortgagor has not received any written notice from any Person asserting any claim of default against Mortgagor relating to the Mortgaged Property;

(iv) To the knowledge of Mortgagor, the execution and performance of this Mortgage and the consummation of the transactions hereby contemplated will not result in any breach of, or constitute a default under, the Senior Credit Facility (as defined in the Deferral Agreement);

(v) There are no actions, investigations, suits or proceedings (including, without limitation, any condemnation or bankruptcy proceedings) pending or, to the knowledge of Mortgagor, overtly threatened in writing against or affecting Mortgagor or the Mortgaged Property, or which, if adversely determined against Mortgagor or the Mortgaged Property, may be reasonably expected to adversely affect the validity or enforceability of this Mortgage, at law or in equity, or before or by any Governmental Authority; Mortgagor is not in violation (beyond any applicable cure period) with respect to any writ, injunction, decree or demand of any court or any Governmental Authority affecting the Mortgaged Property;

(vi) To the knowledge of Mortgagor and except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and, to the extent applicable, Mortgagor or such Obligor shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP, the Mortgaged Property presently complies with, and will continue to comply with, all applicable restrictive covenants and applicable zoning and subdivision ordinances, building codes and other applicable laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; and

(vii) To the knowledge of Mortgagor, Mortgagor owns, is licensed, or otherwise has the right to use or is in possession of all licenses, permits and required approvals or authorizations from all necessary Governmental Authorities, patents, trademarks, service marks, trade names, copyrights, franchises, authorizations and other rights that are necessary for its operations on the Mortgaged Property, without conflict with the rights of any other Person with respect thereto, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Each and all of the covenants, obligations, representations and warranties of Mortgagor shall survive the execution and delivery of the Fund Documents and the transfer or assignment of this Mortgage (including, without limitation, any Transfer and/or any transfer or assignment by Mortgagee of any of its rights, title and interest in and to the Mortgaged Property or any part thereof to any Person, whether or not affiliated with Mortgagee).

(c) All covenants, conditions, warranties, representations and other obligations contained in this Mortgage and the other Fund Documents are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property until the lien of this Mortgage has been fully released by Mortgagee, pursuant to the terms hereof.

26. Contemporaneous Security Instruments. THIS MORTGAGE IS MADE IN ADDITION TO OTHER SECURITY INSTRUMENTS GIVEN BY MORTGAGOR, OBLIGORS AND THEIR AFFILIATES TO SECURE THE OBLIGATIONS (collectively, the “Other Security Instruments”), WHICH OTHER SECURITY INSTRUMENTS COVER PROPERTIES LOCATED IN VARIOUS STATES AND COMMONWEALTHS OF THE UNITED STATES OF AMERICA AND OTHER COUNTRIES. The Other Security Instruments further secure the obligations of Obligors, Mortgagor and any Guarantor under the Fund Documents. Upon the occurrence and during the continuance of an Event of Default, and subject to the terms of each applicable agreement or instrument, Mortgagee may proceed under this Mortgage and/or any one or more of the Other Security Instruments against any of the other property secured thereby and/or the Mortgaged Property, in one or more parcels and in such manner and order as Mortgagee shall elect. MORTGAGOR HEREBY IRREVOCABLY WAIVES AND RELEASES, TO THE EXTENT PERMITTED BY LAW, AND WHETHER NOW OR HEREAFTER IN FORCE, ANY RIGHT TO HAVE THE MORTGAGED PROPERTY AND/OR ANY SUCH OTHER PROPERTY SECURED BY THE OTHER SECURITY INSTRUMENTS, MARSHALLED UPON ANY FORECLOSURE OF THIS MORTGAGE OR ANY OF THE OTHER SECURITY INSTRUMENTS. For the avoidance of doubt, Mortgagee shall not be responsible for the perfection of this Mortgage and the lien and security interest intended to be created hereby nor the filing, form, content or renewal of this Mortgage, any Other Security Instruments, or any other instruments in addition or supplemental thereto.

27. State Specific Provisions. The terms and provisions set forth below in this Section 27 shall be construed, to the greatest extent possible, consistently with those set forth elsewhere in this Mortgage as being in addition to and supplementing such other terms and provisions set forth elsewhere in this Mortgage; however, notwithstanding anything to the contrary set forth elsewhere in this Mortgage, in the event of any conflict or inconsistency between the terms and provisions of this Section 27 and the terms and provisions set forth elsewhere in this Mortgage, the following terms and provisions of this Section 27 shall govern and control:

[State-Specific Provisions To Come On State-By-State Basis]

28. JPMorgan Mortgage. The lien created by this Mortgage on the property described herein is junior and subordinate to the lien on such property created by any mortgage,

deed of trust or similar instrument now or hereafter granted to JPMorgan Chase Bank, N.A., as Collateral Agent or as Administrative Agent (as applicable), and its successors and assigns, in such property, in accordance with the provisions of the Intercreditor Agreement dated as of [], 2009 among JPMorgan Chase Bank, N.A., as Administrative Agent, Wilmington Trust Company, as Agent, YRC Worldwide Inc. and the other parties referred to therein, as amended from time to time.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, this Mortgage is executed as of the day and year first above written by the Person (or Persons) identified below on behalf of Mortgagor.

MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

MORTGAGOR:

[_____],
a [_____]

By _____
Name _____
Its _____

Attest:

Its _____

STATE OF)
) SS.
COUNTY OF)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that _____ and _____ whose names as _____ and _____ of _____, a _____, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and Official seal this _____ day of _____, 2009.

Notary Public

(Seal)

My Commission Expires: _____

Notary Public in and for the
State of _____

EXHIBIT A

Legal Description of the Land

(See attached)

The attached legal description relates to the following:

ADDRESS OF PREMISES:

[_____
_____, _____]

[PIN – **TBD if necessary**]

Based on information and records provided by Mortgagor, the street address above relates to the attached legal description; however, in the event of a conflict between the street address and the legal description, the legal description shall control.

Exhibit C
Form of Promissory Note

[FORM OF]
NOTE

[\$ []¹

New York, New York
[], 20[]

For value received, each of the undersigned, YRC Inc., a Delaware corporation ("YRC"), USF Holland Inc., a Michigan corporation ("Holland") and New Penn Motor Express, Inc., a Pennsylvania corporation ("New Penn"), USF Reddaway Inc., an Oregon corporation ("Reddaway"; together with YRC, Holland and Reddaway each, a "Primary Obligor" and collectively, the "Primary Obligors"), hereby jointly and severally promises to pay to [] (the "Fund") in immediately available funds in US dollars, \$[] or such lesser amount constituting the aggregate unpaid principal amount of all the Deferred Pension Payments deferred by the Fund pursuant to the Contribution Deferral Agreement, dated as of June , 2009 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Contribution Deferral Agreement"), among the Primary Obligors, Wilmington Trust Company, as agent, the Fund and the other funds party thereto from time to time, and to pay interest from the date hereof on the principal amount thereof from time to time outstanding (which unpaid principal amount includes: (i) all of the Deferred Pension Payments owing to the Fund plus for all of the Deferred Pension Payments owing to the Fund, all interest accruing and unpaid on such Deferred Pension Payments from the applicable Effective Date for each Deferred Pension Payment [through the date hereof]), in like funds, at said office, at [] per annum. Payments with respect to the Deferred Pension Payments shall be payable as follows: (i) one payment equal to the Funds pro rata portion of \$3,571,405 on or before June 30, 2009²; and thereafter (ii) thirty-six equal monthly installments payable on the 15th day of each calendar month commencing January 15, 2010 (or, such later date as may be mutually agreed by the applicable Primary Obligors and the Fund with prior notice to the Agent). Payments with respect to interest accruing on such Deferred Pension Payments shall be payable in arrears on the fifteenth day of each calendar month commencing on July 15, 2009 and upon termination of the Contribution Deferral Agreement; provided, that all interest accruing from each applicable Effective Date through the [date hereof] with respect to such Deferred Pension Payments shall be capitalized, compounded and added to the applicable Deferred Pension Payment, in each case as described on Schedules 1.01(a), (c), (d), (f) and (h) of the Contribution Deferral Agreement. Interest payable hereunder shall be computed on the basis of a 365 day or 366 day year, as the case may be. Terms used but not defined herein shall have the meanings assigned to them in the Contribution Deferral Agreement.

¹ The original principal amount appearing on this Note should include (i) all of the Deferred Pension Payments owing to the Fund plus for all of the Deferred Pension Payments owing to the Fund, all interest accruing on such Deferred Payments from the applicable Effective Date for each Deferred Pension Payment [through the date hereof].

² Such payment shall only be applicable to Funds which execute a Joinder prior to such payment.

Each of the Primary Obligors jointly and severally promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, on overdue interest from the due dates at a rate or rates provided in the Contribution Deferral Agreement.

Pursuant to the terms of the Contribution Deferral Agreement, to the extent permitted by applicable law, each Primary Obligor hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The nonexercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All deferred pension contribution payments evidenced by this Note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedules attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Primary Obligors under this Note.

This Note is one of the Notes referred to in the Contribution Deferral Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Contribution Deferral Agreement, all upon the terms and conditions therein specified. This Note is entitled to the benefit of the Contribution Deferral Agreement and is guaranteed and, subject to terms and conditions of the Intercreditor Agreement, secured as provided therein and in the other Fund Documents referred to in the Contribution Deferral Agreement. THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

This Note may be executed simultaneously in counterparts, any one of which need not contain the signatures of more than one Primary Obligor, but all such counterparts taken together shall constitute one and the same Note.

[This space intentionally left blank]

IN WITNESS WHEREOF, each Primary Obligor has caused this Note to be executed and delivered by its duly authorized officer as of the day and year and at the place set forth above.

YRC INC., a Delaware corporation

By: _____
Name: _____
Title: _____

USF HOLLAND INC., a Michigan corporation

By: _____
Name: _____
Title: _____

NEW PENN MOTOR EXPRESS, INC., a Pennsylvania corporation

By: _____
Name: _____
Title: _____

USF REDDAWAY INC., an Oregon corporation

By: _____
Name: _____
Title: _____

Schedule A to Note

Principal

Date

Unpaid Principal Amount of this Note

Amount of Principal of this Note Repaid

Exhibit D
Form of Guarantee

NON-RECOURSE GUARANTY AGREEMENT

THIS NON-RECOURSE GUARANTY AGREEMENT (this "Non-Recourse Guaranty"), dated as of July 15, 2009, is entered into by and among: (i) USF GLEN MOORE INC. ("Glen Moore"), a Pennsylvania corporation; (ii) YRC LOGISTICS SERVICES, INC., an Illinois corporation ("Logistics"); (iii) each other Affiliate of a Primary Obligor (as defined below) that becomes party hereto from time to time pursuant to a joinder agreement attached hereto as Exhibit A (together with Glen Moore and Logistics, each a "Guarantor" and collectively the "Guarantors"); and (iv) Wilmington Trust Company, as agent for the Funds (as defined below) (together with its permitted successors and assigns, in such capacity, the "Agent") for the benefit of the Funds. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Contribution Deferral Agreement.

RECITALS

WHEREAS, pursuant to the Contribution Deferral Agreement dated as of June 17, 2009 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Contribution Deferral Agreement") among YRC INC., a Delaware corporation ("YRC"), USF HOLLAND, INC., a Michigan corporation ("Holland"), NEW PENN MOTOR EXPRESS INC., a Pennsylvania corporation ("New Penn"), USF REDDAWAY INC., an Oregon corporation ("Reddaway"; together with YRC, Holland and Reddaway, the "Primary Obligors"), the TRUSTEES for the CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS PENSION FUND (the "CS Pension Fund"), each other pension fund which has or will execute a joinder substantially in the form of Exhibit A attached to the Contribution Deferral Agreement (each of the CS Pension Fund and such other pension funds, a "Fund", and collectively, the "Funds") and the Agent, the Funds have agreed to defer the receipt of payment of the Deferred Pension Payments upon the terms and subject to the conditions set forth therein;

WHEREAS, each Guarantor has agreed to guaranty the Obligations (as defined in the Contribution Deferral Agreement) of the Primary Obligors; and

WHEREAS, each Guarantor will derive substantial direct and indirect benefits from the deferral of the Deferred Pension Payments under the Contribution Deferral Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Funds to defer the receipt of payment of the Deferred Pension Payments, each Guarantor hereby agrees with the Funds as follows:

ARTICLE I

Section 1.1 Defined Terms.

(a) "Guaranteed Obligations" means the due and punctual payment of (a) all Deferred Pension Payments and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Deferred Pension Payments when and as due, whether at

maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (b) all Obligations of the Primary Obligors under the Fund Documents and (c) all other reasonable out-of-pocket fees, costs, expenses (including, without limitation, the fees and expenses of the Agent, Agent's sub-agents and counsel) and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of each Fund and the Agent under this Non-Recourse Guaranty, the Contribution Deferral Agreement, and the other Fund Documents.

ARTICLE II

Section 2.1 Non-Recourse Guaranty.

(a) Subject to the limitation set forth in Section 2.1(f), each Guarantor hereby agrees that such Guarantor is jointly and severally liable for, and hereby absolutely, irrevocably and unconditionally guarantees to the Agent, the Funds and their respective permitted successors and assigns, the full and prompt payment (whether at stated maturity, by acceleration or otherwise) of, all Guaranteed Obligations owed or hereafter owing to the Agent or the Funds by each of the Primary Obligors and each other Guarantor. Subject to the limitation set forth in Section 2.1(f), each Guarantor agrees that its guaranty obligation hereunder is a continuing guaranty of payment and not of collection, that, subject to Section 2.2 its obligations under this Section 2.1 shall not be discharged until payment in cash, in full, of the Guaranteed Obligations (other than contingent obligations not due and owing) has occurred and this Non-Recourse Guaranty has been terminated, and that its obligations under this Section 2.1 shall be absolute and unconditional, irrespective of, and unaffected by,

(i) the genuineness, validity, regularity, enforceability or any future amendment of, or change in, this Non-Recourse Guaranty, the Contribution Deferral Agreement, any other Fund Document or any other agreement, document or instrument to which an Obligor is or may become a party;

(ii) the absence of any action to enforce this Non-Recourse Guaranty (including this Section 2.1), the Contribution Deferral Agreement or any other Fund Document or the waiver or consent by the Funds and/or the Agent with respect to any of the provisions thereof;

(iii) the existence, value or condition of, or failure to perfect its Lien against, any security for the Guaranteed Obligations or any action, or the absence of any action, by the Funds and/or the Agent in respect thereof (including the release of any such security);

(iv) the insolvency of any Obligor; or

(v) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor (other than payment or performance).

Each Guarantor shall be regarded, and shall be in the same position, as principal debtor with respect to the Guaranteed Obligations guaranteed hereunder.

(b) To the extent permitted by applicable law, each Guarantor expressly waives all rights it may have now or in the future under any statute, or at common law, or at law or in equity, or otherwise, to compel the Agent or the Funds to marshal assets or to proceed in respect of the Guaranteed Obligations guaranteed hereunder against any other Obligor, any other party or against any security for the payment and performance of the Guaranteed Obligations before proceeding against, or as a condition to proceeding against, such Guarantor. It is agreed among each Guarantor, the Agent and the Funds that the foregoing waivers are of the essence of the transaction contemplated by this Non-Recourse Guaranty and the other Fund Documents and that, but for the provisions of this Section 2.1 and such waivers, the Agent and the Funds would decline to enter into the Contribution Deferral Agreement or any other Fund Document.

(c) Each Guarantor agrees that the provisions of this 2J_ are for the benefit of the Agent and the Funds and their respective permitted successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between any other Guarantor and the Agent or the Funds, the obligations of such other Guarantor under this Non-Recourse Guaranty or any other Fund Documents.

(d) Notwithstanding anything to the contrary in this NonRecourse Guaranty or in any other Fund Document, except as set forth in clause (g) of this Section 2.1, until payment in full of the Guaranteed Obligations (other than contingent obligations not due and owing), each Guarantor hereby agrees not to exercise any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off and waives any and all defenses available to a surety, guarantor or accommodation co-obligor of the Guaranteed Obligations. Each Guarantor acknowledges and agrees that this clause (d) is intended to benefit the Agent and the Funds and shall not limit or otherwise affect such Guarantor's liability hereunder or the enforceability of this Section 2.1, and that the Agent and the Funds and their respective permitted successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this clause (d) of this Section 2.1.

(e) If, in the exercise of any of its rights and remedies, the Agent or the Funds would, absent appropriate waivers, forfeit any of their rights or remedies, including its right to enter a deficiency judgment against any Primary Obligor, any other Guarantor or any other Person, whether because of any applicable laws pertaining to "election of remedies" or the like, each Guarantor hereby consents to such action by the Agent or the Funds and waives any claim or defense based upon such action, even if such action by the Agent or the Funds shall result in a full or partial loss of any rights of subrogation that each Guarantor might otherwise have had but for such action by the Agent or the Funds. Any election of remedies that results in the denial or impairment of the right of the Agent or the Funds to seek a deficiency judgment against any Guarantor or any Primary Obligor shall not impair any other Guarantor's obligation to pay the full amount of the Guaranteed Obligations.

(f) Notwithstanding anything in this Non-Recourse Guaranty to the contrary, subject to the Intercreditor Agreement, under this Non-Recourse Guaranty:

(i) no recourse shall be had for the payment or performance of the Guaranteed Obligations against any Guarantor in its individual capacity or any of its trustees, members, managers, officers or directors, other than in connection with the enforcement of Agent's security interest in and lien upon the Collateral such Guarantor provided to secure the Guaranteed Obligations;

(ii) Agent shall not have recourse for payment of the Guaranteed Obligations to any assets of any Guarantor other than the Collateral such Guarantor provided to secure the Guaranteed Obligations; and

(iii) no Guarantor shall be liable, directly or indirectly, for the payment or performance of the Guaranteed Obligations, except to the extent of the Collateral owned by such Guarantor.

(g) To the extent that any Guarantor shall make a payment under this Section 2.1 of all or any of the Guaranteed Obligations (a "Guarantor Payment") that, taking into account all other Guarantor Payments then previously or concurrently made by any other Guarantor, exceeds the amount that such Guarantor would otherwise have paid if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion that such Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following payment in full in cash of the Guaranteed Obligations (other than contingent indemnity obligations to the extent no claim giving rise thereto has been asserted) and termination of this Non-Recourse Guaranty, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. As of any date of determination, the "Allocable Amount" of each Guarantor shall be equal to the maximum amount of the claim that could then be recovered from such Guarantor under this Section 2.1 without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. This clause (g) of this Section 2.1 is intended only to define the relative rights of the Guarantors and nothing set forth in this clause (g) of this Section 2.1 is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Non-Recourse Guaranty, including clause (a) of this Section 2.1. The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Guarantor to which such contribution and indemnification is owing. The rights of the indemnifying Guarantors against other Obligors under this clause (g) of this Section 2.1 shall be exercisable only upon the full payment of the Guaranteed Obligations.

(h) The liability of each Guarantor under this Section 2.1 is in addition to and shall be cumulative with all liabilities of each other Guarantor to the Funds and the Agent under this Non-Recourse Guaranty and the other Fund Documents to which such Guarantor is a party or in respect of any Guaranteed Obligations or obligation of the other Guarantor, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

ARTICLE III

Each Guarantor represents and warrants to the Agent and each of the Funds that:

(a) Organization; Powers. Such Guarantor (a) is organized, validly existing and in good standing (to the extent that such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization or incorporation as applicable, and (b) has all corporate or organizational requisite corporate power and authority to carry on its business as now conducted.

(b) Authorization; Enforceability. The guaranty of the Guaranteed Obligations hereunder are within such Guarantor's corporate or organizational powers and have been duly authorized by all necessary organizational and, if required, stockholder or shareholder action. Such Guarantor has all requisite corporate or organizational power to carry out and perform its obligations under the terms of this Non-Recourse Guaranty. Each Guarantor has duly executed and delivered this Non-Recourse Guaranty. This Non-Recourse Guaranty constitutes the legal, valid and binding obligation of each Guarantor, enforceable against such Guarantor in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

ARTICLE IV

Section 4.1 Amendments. None of the terms or provisions of this NonRecourse Guaranty may be waived, amended, supplemented or otherwise modified except as set forth in Section 11.03 of the Contribution Deferral Agreement.

Section 4.2 Notices. All notices, requests and demands to or upon the Agent, any Fund or any Guarantor hereunder shall be effected in the manner provided for in Section 11.14 of the Contribution Deferral Agreement; provided, however, that any such notice, request or demand to or upon any Guarantor shall be addressed to an Obligor's notice address set forth in Section 11.14 of the Contribution Deferral Agreement.

Section 4.3 Successors and Assigns. This Non-Recourse Guaranty shall be binding upon the permitted successors and assigns of each Guarantor and shall inure to the benefit of the Agent, the Funds and their permitted successors and assigns under the Contribution Deferral Agreement.

Section 4.4 Counterparts. This Non-Recourse Guaranty may be executed simultaneously in counterparts (including by means of telecopied or PDF signature pages), any one of which need not contain the signatures of more than one party hereto, but all such counterparts taken together shall constitute one and the same Agreement.

Section 4.5 Severability. Whenever possible, each provision of this Non-Recourse Guaranty shall be interpreted in such manner as to be effective and valid under applicable law,

but if any provision of this Non-Recourse Guaranty or the application of any such provision to any Person or circumstance shall be held to be prohibited by, illegal or unenforceable under applicable law in any respect by a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or illegality or unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Non-Recourse Guaranty; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 4.6 No Third Party Beneficiaries. This Non-Recourse Guaranty is for the sole benefit of the parties hereto and their successors and permitted assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the parties hereto and the Funds and their successors and permitted assigns, any legal or equitable rights hereunder.

Section 4.7 Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Non-Recourse Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York shall control the interpretation and construction of this Non-Recourse Guaranty (and all exhibits hereto, if any), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

Section 4.8 Conflicts. With respect to the Agent and the Funds and the obligations of the Agent under the Fund Documents only, in the event of a conflict between this Agreement and the Fund Documents, the terms of the Fund Documents shall govern and control.

Section 4.9 Mutual Waiver of Jury Trial. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, EACH PARTY TO THIS NON-RECOURSE GUARANTY HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTION WITH, RELATED OR INCIDENTAL TO THIS NON-RECOURSE GUARANTY, THE TRANSACTIONS CONTEMPLATED HEREBY AND/OR THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HEREUNDER.

[SIGNATURE PAGES FOLLOW]

By: _____
Name: Brenda Stasiultis
Title: Vice President – Finance

[Signature page to non-Recourse Guaranty Agreement]

USF Glen Moore Inc., a Pennsylvania corporation

By: _____

Name: Phil J. Gaines

Title: Senior Vice President - Finance

[Signature page to non-Recourse Guaranty Agreement]

By: _____
Name: W. Thomas Morris, II
Title: Vice President

[Signature page to non-Recourse Guaranty Agreement]

EXHIBIT A
JOINDER AGREEMENT

Reference is hereby made to that certain Non-Recourse Guaranty Agreement dated as of July , 2009 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Non-Recourse Guaranty”) by and among each of the parties thereto as a Guarantor (collectively, the “Guarantors” and each, a “Guarantor”) and Wilmington Trust Company, as agent for the Funds (as defined therein) (in such capacity, together with its permitted successors and assigns in such capacity, the “Agent”). Except as otherwise defined herein, capitalized terms used herein have the meanings given in the Non-Recourse Guaranty.

Each of the undersigned (each a “New Guarantor”) hereby joins the Non-Recourse Guaranty as a Guarantor. Each New Guarantor hereby (i) guarantees the payment of the Guaranteed Obligations with the same force and effect as if such New Guarantor were an original party to the Non-Recourse Guaranty as a Guarantor, (ii) agrees to comply with the terms and conditions of the Non-Recourse Guaranty applicable to it as a “Guarantor” thereunder, and (iii) makes each of the representations and warranties in the Non-Recourse Guaranty applicable to itself as a “Guarantor” thereunder as of the date hereof.

(Signature Page Follows)

IN WITNESS WHEREOF, each of the undersigned has caused this Joinder Agreement to be executed as of the date first written above.

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULES 13A-14 AND 15D-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William D. Zollars, certify that:

- (1) I have reviewed this report on Form 10-Q of YRC Worldwide Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

/s/ William D. Zollars

William D. Zollars

Chairman of the Board of Directors, President & Chief Executive Officer

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULES 13A-14 AND 15D-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy A. Wicks, certify that:

- (1) I have reviewed this report on Form 10-Q of YRC Worldwide Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

/s/ Timothy A. Wicks

Timothy A. Wicks

Executive Vice President & Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of YRC Worldwide Inc. on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission of the date hereof (the "Report"), I, William D. Zollars, Chief Executive Officer of YRC Worldwide Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of YRC Worldwide Inc.

Date: August 10, 2009

/s/ William D. Zollars

William D. Zollars

Chairman of the Board of Directors, President & Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of YRC Worldwide Inc. on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy A. Wicks, Chief Financial Officer of YRC Worldwide Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of YRC Worldwide Inc.

Date: August 10, 2009

/s/ Timothy A. Wicks

Timothy A. Wicks

Executive Vice President & Chief Financial Officer