
**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 March 31, 2011

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 April 30, 2011
Common Stock, \$0.01 par value per share	47,770,650 shares

Table of Contents

INDEX

<u>Item</u>		<u>Page</u>
	<u>PART I – FINANCIAL INFORMATION</u>	
1.	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets - March 31, 2011 and December 31, 2010</u>	3
	<u>Statements of Consolidated Operations - Three Months Ended March 31, 2011 and 2010</u>	4
	<u>Statements of Consolidated Cash Flows - Three Months Ended March 31, 2011 and 2010</u>	5
	<u>Statement of Consolidated Shareholders' Deficit - Three Months Ended March 31, 2011</u>	6
	<u>Notes to Consolidated Financial Statements</u>	7
2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32
3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	52
4.	<u>Controls and Procedures</u>	52
	<u>PART II – OTHER INFORMATION</u>	
1.	<u>Legal Proceedings</u>	53
1A.	<u>Risk Factors</u>	53
6.	<u>Exhibits</u>	54
	<u>Signatures</u>	55

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS
YRC Worldwide Inc. and Subsidiaries
(Amounts in thousands except per share data)

	March 31, 2011 (Unaudited)	December 31, 2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 156,685	\$ 143,017
Accounts receivable, net	497,915	442,500
Prepaid expenses and other	205,559	182,515
Total current assets	<u>860,159</u>	<u>768,032</u>
Property and Equipment:		
Cost	3,210,515	3,237,971
Less – accumulated depreciation	<u>(1,710,077)</u>	<u>(1,687,397)</u>
Net property and equipment	<u>1,500,438</u>	<u>1,550,574</u>
Intangibles, net	135,151	139,525
Other assets	<u>128,595</u>	<u>134,802</u>
Total assets	<u>\$ 2,624,343</u>	<u>\$ 2,592,933</u>
Liabilities and Shareholders' Deficit		
Current Liabilities:		
Accounts payable	\$ 165,940	\$ 147,112
Wages, vacations and employees' benefits	205,517	196,486
Other current and accrued liabilities	482,077	452,226
Current maturities of long-term debt	<u>780,898</u>	<u>222,873</u>
Total current liabilities	<u>1,634,432</u>	<u>1,018,697</u>
Other Liabilities:		
Long-term debt, less current portion	334,627	837,262
Deferred income taxes, net	119,588	118,624
Pension and postretirement	452,280	447,928
Claims and other liabilities	371,062	360,439
Commitments and contingencies		
Shareholders' Deficit:		
Preferred stock, \$1 par value per share	—	—
Common stock, \$0.01 par value per share	479	477
Capital surplus	1,644,290	1,643,277
Accumulated deficit	<u>(1,601,294)</u>	<u>(1,499,514)</u>
Accumulated other comprehensive loss	<u>(235,988)</u>	<u>(239,626)</u>
Treasury stock, at cost (123 shares)	<u>(92,737)</u>	<u>(92,737)</u>
Total YRC Worldwide Inc. shareholders' deficit	<u>(285,250)</u>	<u>(188,123)</u>
Non-controlling interest	<u>(2,396)</u>	<u>(1,894)</u>
Total shareholders' deficit	<u>(287,646)</u>	<u>(190,017)</u>
Total liabilities and shareholders' deficit	<u>\$ 2,624,343</u>	<u>\$ 2,592,933</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
YRC Worldwide Inc. and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands except per share data)
(Unaudited)

	2011	2010
Operating Revenue	<u>\$1,122,886</u>	<u>\$ 987,144</u>
Operating Expenses:		
Salaries, wages and employees' benefits	680,818	651,078
Equity based compensation (benefit) expense	(1,053)	109,871
Operating expenses and supplies	277,196	237,368
Purchased transportation	119,662	94,100
Depreciation and amortization	49,296	50,633
Other operating expenses	67,900	63,194
(Gains) losses on property disposals, net	(2,959)	8,799
Impairment charges	—	5,281
Total operating expenses	<u>1,190,860</u>	<u>1,220,324</u>
Operating Loss	<u>(67,974)</u>	<u>(233,180)</u>
Nonoperating Expenses:		
Interest expense	38,803	40,927
Other, net	43	1,906
Nonoperating expenses, net	<u>38,846</u>	<u>42,833</u>
Loss From Continuing Operations Before Income Taxes	(106,820)	(276,013)
Income tax benefit	(4,551)	(5,878)
Net Loss from Continuing Operations	<u>(102,269)</u>	<u>(270,135)</u>
Net Loss from Discontinued Operations, net of tax	—	(4,004)
Net Loss	<u>(102,269)</u>	<u>(274,139)</u>
Less: Net Loss Attributable to Non-Controlling Interest	(489)	—
Net Loss Attributable to YRC Worldwide Inc.	<u>\$ (101,780)</u>	<u>\$ (274,139)</u>
Average Common Shares Outstanding – Basic and Diluted	47,638	20,849
Basic and Diluted Loss Per Share		
Loss from Continuing Operations	\$ (2.14)	\$ (12.96)
Loss from Discontinued Operations	—	(0.19)
Net Loss Per Share	<u>\$ (2.14)</u>	<u>\$ (13.15)</u>
Amounts attributable to YRC Worldwide Inc. common shareholders:		
Loss from Continuing Operations, net of tax	\$ (101,780)	\$ (270,135)
Loss from Discontinued Operations, net of tax	—	(4,004)
Net Loss	<u>\$ (101,780)</u>	<u>\$ (274,139)</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS
YRC Worldwide Inc. and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands)
(Unaudited)

	2011	2010
Operating Activities:		
Net loss	\$(102,269)	\$(274,139)
Noncash items included in net loss:		
Depreciation and amortization	49,296	52,261
Amortization of deferred debt costs	9,481	10,516
Impairment charges	—	5,281
Equity based compensation (benefit) expense	(1,053)	109,871
(Gains) losses on property disposals, net	(2,959)	8,999
Deferred income tax benefit	(329)	(5,841)
Other noncash items	1,799	1,964
Changes in assets and liabilities, net:		
Accounts receivable	(55,415)	(1,317)
Accounts payable	18,988	15,811
Other operating assets	(21,923)	71,213
Other operating liabilities	58,130	23,671
Net cash provided by (used in) operating activities	<u>(46,254)</u>	<u>18,290</u>
Investing Activities:		
Acquisition of property and equipment	(10,062)	(3,731)
Proceeds from disposal of property and equipment	11,577	7,637
Other	(161)	—
Net cash provided by investing activities	<u>1,354</u>	<u>3,906</u>
Financing Activities:		
Asset backed securitization (payments) borrowings, net	24,449	(28,618)
Issuance of long-term debt	52,775	119,748
Repayment of long-term debt	(15,130)	(59,363)
Debt issuance costs	(3,526)	(7,030)
Equity issuance costs	—	(14,458)
Net cash provided by financing activities	<u>58,568</u>	<u>10,279</u>
Net Increase In Cash and Cash Equivalents	13,668	32,475
Cash and Cash Equivalents, Beginning of Period	<u>143,017</u>	<u>97,788</u>
Cash and Cash Equivalents, End of Period	<u>\$ 156,685</u>	<u>\$ 130,263</u>
Supplemental Cash Flow Information:		
Income tax refund, net	\$ 10,573	\$ 81,272
Pension contribution deferral transfer to long-term debt	—	3,488
Lease financing transactions	8,985	4,700
Interest paid in stock for the 6% Notes	2,082	—

The accompanying notes are an integral part of these statements.

STATEMENT OF CONSOLIDATED SHAREHOLDERS' DEFICIT
YRC Worldwide Inc. and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands)
(Unaudited)

	2011
Common Stock	
Beginning balance	\$ 477
Interest paid in stock for the 6% Notes	2
Ending balance	<u>\$ 479</u>
Capital Surplus	
Beginning balance	\$ 1,643,277
Share-based compensation	(1,053)
Interest paid in stock for the 6% Notes	2,080
Other, net	(14)
Ending balance	<u>\$ 1,644,290</u>
Accumulated Deficit	
Beginning balance	\$(1,499,514)
Net loss attributable to YRC Worldwide Inc.	(101,780)
Ending balance	<u>\$(1,601,294)</u>
Accumulated Other Comprehensive Loss	
Beginning balance	\$ (239,626)
Pension, net of tax:	
Amortization of net losses to net income (loss)	1,481
Foreign currency translation adjustments	2,157
Ending balance	<u>\$ (235,988)</u>
Treasury Stock, At Cost	
Beginning and ending balance	\$ (92,737)
Noncontrolling Interest	
Beginning balance	\$ (1,894)
Net loss attributable to the noncontrolling interest	(489)
Foreign currency translation adjustments	(13)
Ending Balance	<u>\$ (2,396)</u>
Total Shareholders' Deficit	<u>\$ (287,646)</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. 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. National Transportation provides for the movement of industrial, commercial and retail goods, primarily through regionalized and centralized management and customer facing organizations. This unit includes our less-than-truckload (“LTL”) subsidiary YRC Inc. (“YRC”), and YRC Reimer, a subsidiary located in Canada that specializes in shipments into, across and out of Canada. In addition to the United States (“U.S.”) and Canada, National Transportation also serves parts of Mexico, Puerto Rico and Guam.
- 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.
- Truckload (“Truckload”) reflects the results of Glen Moore, a provider of truckload services throughout the U.S.

At March 31, 2011, approximately 77% of our labor force is subject to collective bargaining agreements, which predominantly expire in 2015.

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. We own a 65% equity interest in Shanghai Jiayu Logistics Co. Ltd. (“Jiayu”) for which we consolidate the results in our financial statements effective April 1, 2010 and therefore have a noncontrolling (minority) interest included in our consolidated subsidiaries; consequently, a portion of our shareholders’ deficit, net loss and comprehensive loss for the periods presented are attributable to noncontrolling interests.

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. 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, 2010.

The board of directors approved a reverse stock split effective September 30, 2010 at a ratio of 1:25. All share numbers and per share amounts in the Consolidated Financial Statements and Notes to the Consolidated Financial Statements have been retroactively adjusted to give effect to the reverse stock split.

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 such 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 March 31, 2011 and December 31, 2010, the net book value of assets held for sale was approximately \$62.6 million and \$71.2 million, respectively. This amount is included in "Property and Equipment" in the accompanying consolidated balance sheets. We recorded charges of \$1.9 million and \$11.5 million for the three months ended March 31, 2011 and 2010, respectively, to reduce properties 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.

Impairment of Long-Lived Assets

If facts and circumstances indicate that the carrying amount of held-and-used identifiable amortizable intangibles and property, plant and equipment may be impaired, we perform an evaluation of recoverability in accordance with FASB ASC Topic 360. Our evaluation compares the estimated future undiscounted cash flows associated with the asset or asset group to its carrying amount to determine if a reduction to the carrying amount is required. The carrying amount of an impaired asset would be reduced to fair value if the estimated undiscounted cash flows are insufficient to recover the carrying value of the asset group.

We believe that the accounting estimate related to asset impairment is a critical accounting estimate because: (1) it requires our management to make assumptions about future revenues and expenses over the life of the asset, and (2) the impact that recognizing an impairment would have on our financial position, as well as our results of operations, could be material. Management's assumptions about future revenues and expenses require significant judgment because actual revenues and expenses have fluctuated in the past and may continue to do so. In estimating future revenues and expenses, we use our internal business forecasts. We develop our forecasts based on recent revenue and expense data for existing services and other industry and economic factors. To the extent that we are unable to achieve forecasted improvements in shipping volumes and pricing initiatives or realize forecasted cost savings, the Company may incur significant impairment losses on property and equipment or intangible assets.

Fair Value of Financial Instruments

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

3. Liquidity

The following table provides details of the outstanding components and unused available capacity under the Credit Agreement and ABS Facility (each, as defined below) at March 31, 2011 and December 31, 2010:

(in millions)	March 31, 2011	December 31, 2010
Capacity:		
Revolving loan	\$ 706.4	\$ 713.7
ABS Facility	325.0	325.0
Total capacity	1,031.4	1,038.7
Amounts outstanding:		
Revolving loan	(176.0)	(142.9)
Letters of credit (3/31/11: \$457.0 revolver; \$64.7 ABS Facility)	(521.7)	(515.7)
ABS Facility borrowings	(147.2)	(122.8)
Total outstanding	(844.9)	(781.4)
ABS borrowing base restrictions	(107.5)	(135.7)
Restricted revolver reserves	(70.9)	(70.9)
Total restricted capacity	(178.4)	(206.6)
Unrestricted unused capacity (3/31/11: \$2.5 revolver; \$5.6 ABS Facility)	<u>\$ 8.1</u>	<u>\$ 50.7</u>

During April 2011, net availability on our revolver increased by \$0.2 million as a result of asset sales, and unused available capacity at April 30, 2011 is \$2.7 million. Additionally, the ABS Facility borrowing base has increased by \$11.5 million during April, we have drawn down and utilized letters of credit of \$17 million and as of April 30, 2011 our unrestricted unused available capacity is \$0.1 million.

Comprehensive Recovery Plan

As a part of our comprehensive recovery plan, we have executed on a number of significant initiatives during 2010 and 2011 to improve liquidity.

Certain of these actions in 2011 are further described below. The final execution of our comprehensive recovery plan has a number of risks that are not within our control that may adversely impact our liquidity and compliance with the financial covenants in our credit facilities. Notwithstanding our entering into the Lender Support Agreement and the TNFINC Support Agreement as described below, we anticipate that we will continue to face risks and uncertainties regarding our short and medium-term liquidity. There is no assurance that we will be successful in completing our comprehensive recovery plan. See "Risks and Uncertainties Regarding Future Liquidity" below.

The Restructuring

On February 28, 2011, we, the Teamsters National Freight Industry Negotiating Committee ("TNFINC") of the International Brotherhood of Teamsters (the "IBT"), the Required Lenders (at least 51% of exposure as defined in the Credit Agreement (as defined below)), the Agent and the Steering Group Majority (as defined below) (collectively, the "Consenting Parties") reached a non-binding agreement in principle in the form of a term sheet entitled "Summary of Principal Terms of Proposed Restructuring" or "Term Sheet" setting forth the material terms of our proposed restructuring (the "Restructuring").

"Steering Group" means the informal group of unaffiliated Lenders and Participants (as defined in the Credit Agreement) represented by Akin Gump Strauss Hauer & Feld LLP and Houlihan Lokey Howard & Zukin Capital, Inc.; provided, that the Lenders (as defined below) that make up the Steering Group may change from time to time as and when such changes are identified to us and the Agent.

"Steering Group Majority" means the Lenders of the Steering Group representing more than 50% of the Steering Group's exposure under the Credit Agreement (including participations).

On April 29, 2011, we entered into a support agreement (the "Lender Support Agreement") with certain lenders (the "participating lenders") holding claims in outstanding borrowings, deferred interest and fees and letters of credit ("credit agreement claims") under our credit agreement, dated as of August 17, 2007 (as amended, the "Credit Agreement"), among the

Table of Contents

Company, certain of its subsidiaries, JPMorgan Chase Bank, National Association, as agent (the “Agent”), and the other lenders that are parties thereto (the “Lenders”) pursuant to which such participating lenders have agreed, among other things, to support the Restructuring by tendering their credit agreement claims in the Exchange Offer (as defined below). The Term Sheet was also amended. The participating lenders hold more than 95% of the principal amount of outstanding credit agreement claims.

Under the Lender Support Agreement, among other things, we must use our commercially reasonable efforts to support and complete the Restructuring, negotiate related definitive transaction documents, take certain actions related to the Merger (as described below) and file a registration statement related to the Exchange Offer and related transactions with the SEC.

Pursuant to the Lender Support Agreement, the Restructuring contemplates an exchange offer for certain credit agreement claims and related interdependent transactions that will be simultaneously completed at the closing of the exchange offer. The Restructuring contemplates:

- with respect to credit agreement claims,
 - i. an exchange offer (the “Exchange Offer”), whereby the Lenders under the Credit Agreement would receive in respect of a portion of such claims (a) newly issued Series B Convertible Preferred Stock (the “Series B Preferred Stock”) convertible into approximately 72.5% (subject to dilution as described below) of the restructured Company’s outstanding common stock (the “New Common Stock”) and (b) \$140.0 million in aggregate principal amount of our new 10% Series A Convertible Senior Secured Notes due 2015 that are convertible into additional shares of New Common Stock (the “Restructured Convertible Secured Notes”),
 - ii. the letters of credit facility under the Credit Agreement and outstanding letters of credit would remain in place, and
 - iii. we and our subsidiaries would enter into an amended term loan facility with the Lenders for a portion of remaining borrowing claims under the Credit Agreement not satisfied in (i) above;
- additionally, the Lenders would purchase and we would sell for cash pursuant to subscription rights issued in connection with the Exchange Offer an aggregate principal amount of \$100.0 million of our newly issued 10% Series B Convertible Senior Secured Notes due 2015 (the “New Money Convertible Secured Notes” and together with the Restructured Convertible Secured Notes, the “New Convertible Secured Notes”), the proceeds of which would be retained by us for use in our business;
- the ABS Facility (as defined below) would be refinanced in full with an asset-based lending facility (the “ABL facility”), which is expected to provide additional liquidity through a higher advance rate than the receivable purchase rate under the ABS Facility. As discussed below under “TNFINC Support Agreement,” that agreement requires, among other things, \$350 million in lending capacity and \$80 million of availability under the ABL facility;
- the note securing our deferred multi-employer pension contributions (the “Pension Note”) would be amended to (i) extend the maturity until March 31, 2015, (ii) defer any accrued interest and fees until maturity, (iii) provide for contract rate cash interest payments and (iv) eliminate any mandatory amortization payments (other than in connection with permitted sales of certain collateral);
- in consideration for consent to the Restructuring by TNFINC on behalf of employees represented by the IBT, shares of newly issued Series B Preferred Stock convertible into approximately 25% (subject to dilution as described below) of our New Common Stock would be issued to a trust or a deferred tax qualified plan (the “Plan”) and allocated among certain eligible employees represented by the IBT; and
- our board of directors would consist of six members nominated by the Steering Group (as defined below), two members nominated by TNFINC and one member that will be the chief executive officer-director (the “New Board”);

The Series B Preferred Stock (and the New Common Stock into which it may be converted) issued in connection with the Exchange Offer to the Lenders and to the Plan would be subject to dilution by a management equity incentive plan to be implemented by the New Board as soon as reasonably practicable after the closing of the Exchange Offer (the “Management Incentive Plan”) and by common stock issued upon conversion of the New Convertible Secured Notes.

Following the closing of the Exchange Offer, we will file a proxy statement with the SEC for the solicitation of votes to approve a merger (the “Merger”) pursuant to which a wholly owned subsidiary of the Company would merge into the Company, with the Company the surviving corporation and having an amended and restated certificate of incorporation permitting the automatic conversion of the Series B Preferred Stock into New Common Stock and providing for sufficient authorized shares of New Common Stock to permit the conversion of the New Convertible Secured Notes into New Common Stock. The Series B Preferred Stock will be permitted to vote on the Merger on an as-converted basis along with the holders of our then outstanding common stock, as a single class. The New Convertible Secured Notes would be permitted to vote on an as-converted basis with our common stock after the Merger is completed.

Our common stock is listed on NASDAQ and is subject to the NASDAQ listing rules. Absent an exception to the NASDAQ listing rule requiring stockholder approval prior to the issuance our Series B Preferred Stock and New Convertible Secured Notes,

Table of Contents

our common stock will be subject to delisting if we consummate the Exchange Offer. We intend to apply to NASDAQ for a waiver of the stockholder approval rule under the financial viability exception.

In the event the Exchange Offer and related interdependent transactions as contemplated by the Lender Support Agreement are completed, we anticipate that our current stockholders will hold approximately 2.5% of the restructured Company's outstanding common stock as of the closing of the Exchange Offer, subject to further dilution by the Management Incentive Plan and the New Convertible Secured Notes.

Obligations of Company and Participating Lenders to Complete the Exchange Offer

The obligations of the Company and the participating lenders to consummate the Exchange Offer are conditioned upon the following to occur:

- the registration statement for the Exchange Offer and related transactions shall have been declared effective by the SEC and shall remain effective, and on or before the closing of the Exchange Offer, we shall have made public any then material nonpublic information theretofore disclosed by us or our representatives to the participating lenders who had agreed to receive private information from us;
- the initial funding under the ABL facility shall have occurred (or shall occur substantially concurrently with completion of the Exchange Offer) and be in form and substance acceptable to the Agent, the Steering Group Majority and the Company, each in their sole discretion;
- the offering of the New Money Convertible Secured Notes, with aggregate net proceeds to us of not less than \$100.0 million, shall have closed (or will close simultaneously with completion of the Exchange Offer);
- each of the approved definitive transaction documents, which by their terms are to be effective at or prior to completion of the Exchange Offer, shall have become effective and be in full force and effect;
- certain agreements related to multi-employer pension funds shall be in full force and effect;
- the Plan, in form and substance acceptable to us, the Agent and the Steering Group Majority, shall have been established by the us and be in full force and effect;
- the New Board, other than the IBT director designees, shall have been elected or designated by the existing members of the board of directors as "continuing directors" (provided that the director candidates were selected by the Agent and Steering Group Majority at least ten (10) days prior to the closing of the exchange offer) and a new chief executive officer and chief financial officer shall have commenced employment with us, in each case unless otherwise waived by the Agent and Steering Group Majority; and
- 100% of the participating lenders shall have agreed to the Exchange Offer and validly and timely tendered, delivered and not withdrawn their tender into the Exchange Offer and not changed, revoked or withdrawn such agreement or tender.

Termination of Lender Support Agreement

The Lender Support Agreement will terminate under certain circumstances, including, but not limited to (each, a "support termination event"):

- by the mutual written consent of the Company and 66 ²/₃% of the aggregate amount of outstanding credit agreement claims of the participating lenders;
- at 5:00 p.m. prevailing Eastern Time on July 22, 2011, as to each participating lender who has not agreed to extend such date;
- upon the occurrence of any of the following, unless waived or extended by the Agent and the Steering Group Majority:
 - at 5:00 p.m. prevailing Eastern Time on May 17, 2011 if we have not filed with the SEC one or more registration statements and/or other appropriate documents for the Exchange Offer;
 - at 5:00 p.m. prevailing Eastern Time on June 15, 2011 if we have not delivered to the Agent and the Steering Group Majority binding commitments with respect to the ABL facility in an aggregate amount not less than \$300 million in form and substance acceptable to us, the Agent and the Steering Group Majority;
 - at 5:00 p.m. prevailing Eastern Time on June 22, 2011 unless we have commenced the Exchange Offer (the "solicitation commencement date"); or
 - if the Exchange Offer has not been consummated within 15 business days after the solicitation commencement date.
- certain events of bankruptcy or dissolution including an involuntary proceeding against us;
- three (3) business days after we furnish the participating lenders with written notice of our intent, in the exercise of our fiduciary duties and based, at least in part, upon the advice of our outside legal counsel to our board of directors, to take any action that is prohibited under the Lender Support Agreement or to refrain from taking any action that is required under the Lender Support Agreement,

Table of Contents

- certain events of non-cured material breach by the parties;
- a default or event of default under the Credit Agreement that is not waived or cured as provided in the Credit Agreement;
- IBT terminating, or threatening in writing to terminate, its memorandum of understanding with respect to the restructuring plan or upon the occurrence of any termination event under TNFINC Support Agreement (as defined below);
- upon the occurrence of a material adverse effect (as defined in the Lender Support Agreement); and
- on June 30, 2011, unless certain agreements relating to contributions to our multi-employer pension funds are reached in writing, or any such agreement is terminated, amended or modified in a manner adverse to us or the participating lenders, or otherwise ceases to be in full force and effect.

A support termination event may be waived only upon the written approval of 75% of the aggregate amount of outstanding credit agreement claims of the participating lenders.

Amendment

Approved definitive transactional documents may be amended, modified or supplemented to the extent that such amendments are not materially inconsistent with the Term Sheet with the written approval of (i) us, (ii) the Agent and (iii) the Steering Group Majority; provided that such amendment, modification or other supplement does not impose less favorable treatment of any participating lender's credit agreement claims, or any group of participating lenders' credit agreement claims, or its rights and obligations under the Lender Support Agreement and under the approved definitive transaction documents compared to those of the participating lenders generally, without such participating lender's, or such group of participating lenders', express written consent.

The Lender Support Agreement may be amended (to the extent such amendment is consistent with the approved definitive transaction documents) only upon the written approval of (i) us and (ii) 75% of the aggregate amount of outstanding credit agreement claims of the participating lenders. Any other amendment to the Lender Support Agreement will require the written approval of (x) us and (y) each participating lender.

TNFINC Support Agreement

On April 29, 2011, we also entered into a support agreement (the "TNFINC Support Agreement") with TNFINC pursuant to which TNFINC has agreed, among other things, to support the Restructuring. The conditions to TNFINC's obligations under the TNFINC Support Agreement are substantially similar to those under the Lender Support Agreement except that, with respect to the ABL facility, the TNFINC Support Agreement requires, among other things, \$350 million in lending capacity and \$80 million of availability under the ABL facility.

The TNFINC Support Agreement will terminate under certain circumstances, including, but not limited to (i) upon the occurrence of a material adverse effect; (ii) certain events of bankruptcy or dissolution including an involuntary proceeding against us; or (iii) on June 1, 2011, unless certain agreements relating to contributions to our multi-employer pension funds are reached in writing, or any such agreement is terminated, amended or modified in a manner adverse to us or the participating lenders, or otherwise ceases to be in full force and effect.

CREDIT FACILITIES

We have two primary liquidity vehicles:

- the Credit Agreement, and
- an asset-based securitization facility (as amended, the "ABS Facility"), whereby we receive financing through the sale of certain of our accounts receivable.

The Credit Agreement and the ABS Facility are collectively referred to herein as the "credit facilities".

Credit Agreement

On February 28, 2011 and April 29, 2011, the Company entered into amendments to the Credit Agreement relating to, among other things, the Restructuring.

Credit Agreement Amendment No. 20

On February 28, 2011, we and certain of our subsidiaries entered into Amendment No. 20 (“Credit Agreement Amendment 20”) to the Credit Agreement.

Milestones

Pursuant to the terms of Credit Agreement Amendment 20, the Required Lenders (at least 51% of exposure as defined in the Credit Agreement), the Agent and the Steering Group Majority acknowledged that the Term Sheet satisfied setting forth the material terms of our restructuring (the “AIP Condition”).

In addition, Credit Agreement Amendment 20 amended certain milestones and added a milestone that are conditions to the Company continuing to defer revolver and term loan interest, letters of credit fees and commitment fees as follows:

- Credit Agreement Amendment 20 extended the deadline for each document required to effectuate the restructuring of the Company and its subsidiaries contemplated by the AIP to be in final form and acceptable to the Consenting Parties (the “Documentation Condition”) from March 15, 2011 to April 29, 2011 (or such later date approved by the Supermajority Lenders (as defined in the Credit Agreement) but not later than December 31, 2011). Credit Agreement Amendment 20 also amended the Documentation Condition to add the following additional requirements (i) lenders representing at least 90% of exposure (as defined in the Credit Agreement) must sign an agreement supporting the Restructuring, (ii) subject to satisfaction of the Closing Condition (as defined below), TNFINC must consent to the Restructuring and waive any termination, modification similar rights under the Restructuring Plan (as defined below) such that the Restructuring Plan shall be fully binding on the parties thereto, (iii) subject to satisfaction of the Closing Condition, the Specified Pension Fund Deferral Transaction Documents (as defined in the Credit Agreement) must be amended to reflect the terms of the Restructuring and (iv) subject to satisfaction of the Closing Condition and to the extent deemed reasonably necessary, the ABS Facility (as defined below) must be amended to reflect the terms of the Restructuring. The Documentation Condition was satisfied on April 29, 2011 pursuant to Credit Agreement Amendment No 21 (as defined below).
- Credit Agreement Amendment 20 extended the deadline for the Restructuring to be effectuated and closed (the “Closing Condition”) from May 13, 2011 to July 22, 2011 (or such later date approved by the Supermajority Lenders but not later than December 31, 2011); provided, that the Closing Condition deadline will be May 31, 2011 if the Pension Fund Amendment Condition is not satisfied on or before that date (the “Restructuring Closing Date”). “Pension Fund Amendment Condition” means that the Specified Pension Fund Deferral Transaction Documents have been amended to extend the deferral of interest and amortization payments from May 31, 2011 to July 22, 2011, subject to earlier termination if the Documentation Condition or the Closing Condition is not satisfied by the applicable required date. The Pension Fund Amendment Condition was satisfied on April 29, 2011 pursuant to CDA Amendment No. 10 (as defined below).
- Credit Agreement Amendment 20 added a milestone which required the Company to obtain, by March 10, 2011, the nonbinding agreement (on terms and conditions acceptable to Company, the Agent, the Steering Group Majority and TNFINC) of the Majority Funds (at least a majority of exposure as defined in the Contribution Deferral Agreement) to the terms of the Term Sheet (subject to the conditions included in the Term Sheet as applied to the Funds (the “Pension Fund Condition”). Because the Pension Fund Condition was not satisfied by the applicable required date, the Required Lenders may declare an event of default under the Credit Agreement. As a result of the Milestone Failure, we have classified our debt under the Credit Agreement as current maturities of long-term debt. We have also classified the 6% Notes and pension contribution deferral obligations as current maturities of long-term debt due to cross-default provisions within the respective lending agreements.

If the Closing Condition is not satisfied by the applicable required date, then (i) the deferral of interest and fees under the Credit Agreement will end on the fifth day (or if the fifth day is not a business day, the immediately following business day) following such failure and (ii) the Required Lenders may declare an event of default under the Credit Agreement.

Minimum Consolidated EBITDA Covenant

Credit Agreement Amendment 20 removed the minimum Consolidated EBITDA (as defined in the Credit Agreement) covenant in respect of the period ending March 31, 2011 and reset the minimum EBITDA covenant for each fiscal quarter thereafter in an amount to be agreed to by the Company, the Agent and the Required Lenders on or prior to April 29, 2011.

Annual Financial Statements

Credit Agreement Amendment 20 modified the affirmative covenant that requires financial statements of the Company for the fiscal year ended 2010 with an audit opinion that does not include a “going concern” qualification to permit an audit opinion with a “going concern” qualification in connection with such financial statements.

Credit Agreement Amendment No. 21

On April 29, 2011, we and certain of our subsidiaries entered into Amendment No. 21 (“Credit Agreement Amendment 21”) to the Credit Agreement. Credit Agreement Amendment 21:

- amended the Documentation Condition so that the Lender Support Agreement, the TNFINC Support Agreement and the CDA Amendment 10 (as defined below) collectively satisfied the Documentation Condition;
- extended the deadline by which the Consolidated EBITDA (as defined in the Credit Agreement) covenant levels must be set by the Company, the Agent and the Required Lenders to July 22, 2011;
- amended the definition of Deferral Suspension Event (as defined in the Credit Agreement) to permit payments to employee benefit pension plans (including multi-employer plans) at the times and in the amounts required by the labor agreement previously reached with the IBT; and
- amended the definition of Deferral Termination Date (as defined in the Credit Agreement) to permit the reimbursement of fees and expenses pursuant to the terms of the Contribution Deferral Agreement, as amended by CDA Amendment 10.

Asset-Backed Securitization Amendment

ABS Amendment No. 22

On February 28, 2011, we, as Performance Guarantor, and the parties to the Third Amended and Restated Receivables Purchase Agreement, dated as of April 18, 2008 (as amended, the “ABS Facility”), entered into Amendment No. 22 to the ABS Facility (“ABS Amendment 22”).

Similar to the Credit Agreement Amendment 20, ABS Amendment 22 removed the minimum Consolidated EBITDA (as defined in the Credit Agreement) covenant in respect of the period ending March 31, 2011 and reset the minimum EBITDA covenant for each fiscal quarter thereafter in an amount to be agreed to by the Company, the Administrative Agent and the Required Co-Agents on or prior to April 29, 2011. The Co-Agents consented to Credit Agreement Amendment 20 and agreed to extend the deferral of interest and fees to the fifth day following July 22, 2011 (or if such fifth day is not a business day, the next succeeding business day) (as such date may be extended pursuant to the definition of Deferred Payment Termination Date below) so long as the Amortization Date (as defined in the ABS Facility) or the Deferred Payment Termination Date does not occur prior to that date. If the ABS Facility is refinanced on or before the deferred interest and fees are due, then YRRFC will not have to pay the deferred interest and fees.

ABS Amendment 22 added the Pension Fund Condition milestone that is described above. Because the Pension Fund Condition was not satisfied by the required date, \$5 million of deferred commitment fees under the ABS Facility that were due after the required date became payable on May 2, 2011. These fees were deferred until the fifth day following July 22, 2011 pursuant to ABS Amendment 23 (as defined below).

The date that deferred interest and fees are due in the event of a Deferral Suspension Event (as defined in the Credit Agreement) was also extended to the earlier of the Amortization Date (as defined in the ABS Facility) or the Deferred Payment Termination Date.

“Required Co-Agents” means the Administrative Agent and the Co-Agents (other than the Falcon Agent) for two of the Banks Groups (as defined in the ABS Facility).

“Deferred Payment Termination Date” means the earliest of the occurrence of (i) the earliest to occur of (a) the fifth day following February 28, 2011 (or if such fifth day is not a business day, the next succeeding business day) (as such date may be extended pursuant to the terms of this definition) unless the AIP Condition (as defined in the Credit Agreement) has been satisfied on or prior to February 28, 2011 (or such extended date), (b) the fifth day following April 29, 2011 (or if such fifth day is not a business day, the next succeeding business day) (as such date may be extended pursuant to the terms of this definition) unless the Documentation Condition has been satisfied in a manner acceptable to the Agents on or prior to April 29, 2011 (or such extended date) and (c) the fifth day following the Restructuring Closing Date (or if such fifth day is not a business day, the next succeeding business day) (or, in the case of each of the foregoing clauses (a), (b) and (c), such later date as may be agreed to by the Required Co-Agents and YRRFC, but in no event to be later than December 31, 2011) and (ii) any Deferral Termination Event (as defined in the Credit Agreement). Pursuant to the terms of the ABS Amendment 22, the Co-Agents have acknowledged that the Term Sheet satisfied the AIP Condition. The Documentation Condition was satisfied on April 29, 2011 pursuant to ABS Amendment 23 (as defined below).

In connection with ABS Amendment 22, a covenant under the ABS Facility was modified to permit an audit opinion with respect to the Company's financial statements for the fiscal year ended 2010 to contain a going concern qualification.

ABS Amendment No. 23

On April 29, 2011, we, as Performance Guarantor, and the parties to the ABS Facility, entered into Amendment No. 23 to the ABS Facility ("ABS Amendment 23").

Similar to Credit Agreement Amendment 21, ABS Amendment 23 extended the deadline by which the Consolidated EBITDA (as defined in the Credit Agreement) covenant levels must be set by the Company and the Required Co-Agents (as defined in the ABS Facility) to July 22, 2011.

In connection with ABS Amendment 23, the Co-Agents consented to Credit Agreement Amendment 21, confirmed that the Documentation Condition (as defined in the Credit Agreement) had been satisfied and agreed to extend the deferral of the \$5 million commitment fee due on May 2, 2011 (as a result of not satisfying the Pension Fund Condition by the required deadline) to the fifth day following July 22, 2011 (or if such fifth day is not a business day, the next succeeding business day); provided that those amounts may become due earlier upon the occurrence of an Amortization Date (as defined in the ABS Facility) or a Deferral Termination Event (as defined in the Credit Agreement). In addition, pursuant to the terms of the ABS Amendment, if a Support Termination Event (as defined in the Lender Support Agreement) occurs under the Lender Support Agreement and any party to the Credit Agreement demands payment of any amount in the nature of fees or interest that have been deferred, suspended or otherwise not paid when due, all deferred interest and fees under the ABS Facility will become due and payable. If the ABS Facility is refinanced on or before the date the deferred interest and commitment fees are due, then we will not have to pay the deferred commitment fees.

Contribution Deferral Agreement

CDA Amendment No 8

On February 28, 2011, YRC Inc., USF Holland Inc., New Penn Motor Express Inc., USF Reddaway Inc. and each of the guarantors party thereto (each a subsidiary of the Company) Wilmington Trust Company, as agent, and Majority Funds (as defined in the Contribution Deferral Agreement) entered into Amendment No. 8 to the Contribution Deferral Agreement ("CDA Amendment 8").

Pursuant to CDA Amendment 8, the Majority Funds (at least a majority of exposure as defined in the Contribution Deferral Agreement) acknowledged that the Term Sheet satisfied the AIP Condition, which acknowledgement was amended to require only the approval of the Consenting Parties to the Term Sheet.

In addition, CDA Amendment 8 amended certain milestones under the Contribution Deferral Agreement that are a condition to the continued deferral of Monthly Amortization Payments and Monthly Interest Payments (each as defined in the Contribution Deferral Agreement). Such amendments resulted in the milestones under the Contribution Deferral Agreement being conformed to the Documentation Condition and the Closing Condition definitions and deadlines in Credit Agreement, as described above, except that (i) the Documentation Condition did not require further documentation in respect of the ABS Facility and (ii) the Majority Funds must agree to any extension of the deadline applicable to the Documentation Condition or the Closing Condition. The Documentation Condition was satisfied on April 29, 2011 pursuant to CDA Amendment 9 (as defined below).

If the Closing Condition is not satisfied by the applicable required date, then the Majority Funds may accelerate the due date of the Monthly Amortization Payments and Monthly Interest Payments at any time on or after the fifth day (or if the fifth day is not a business day, the immediately following business day) following such failure.

CDA Amendment No 9

On April 29, 2011, YRC Inc., USF Holland Inc., New Penn Motor Express Inc., USF Reddaway Inc. and each of the guarantors party thereto (each a subsidiary of the Company), Wilmington Trust Company, as agent, and Majority Funds entered into Amendment No. 9 to the Contribution Deferral Agreement ("CDA Amendment 9").

Pursuant to CDA Amendment 9, the Documentation Condition in connection with the Restructuring was amended so that (i) an amendment to the Contribution Deferral Agreement in respect of the Restructuring, signed by all of the funds party to the Contribution Deferral Agreement, (ii) an agreement to support the Restructuring with respect to the Credit Agreement, signed by

at least 90% of the lenders party thereto, and (iii) the TNFINC Support Agreement collectively satisfied the Documentation Condition.

CDA Amendment No. 10

On April 29, 2011, YRC Inc., USF Holland Inc., New Penn Motor Express Inc., USF Reddaway Inc. and each of the guarantors party thereto (each a subsidiary of the Company), the pension funds party to the Contribution Deferral Agreement and Wilmington Trust Company, as agent, entered into Amendment No. 10 to the Contribution Deferral Agreement (“CDA Amendment 10”).

As of the date of CDA Amendment 10, the Supermajority Funds (as defined in the Contribution Deferral Agreement) approved the extension of the termination date of the deferral of monthly amortization payments and monthly interest payments to July 22, 2011 (or such later date as may be agreed by the Supermajority Funds), and, with all Funds’ (as defined in the Contribution Deferral Agreement) approval, effective upon satisfaction of the conditions precedent therein, including closing of the Exchange Offer, the Contribution Deferral Agreement, including schedules and exhibits thereto, will be amended and restated to effect changes to certain provisions in connection with the Restructuring.

IBT Agreement

On February 28, 2011, TNFINC, YRC Inc., USF Holland Inc. and New Penn Motor Express Inc. entered into a Certification and Second Amendment to TNFINC Term Sheet (the “Second IBT Amendment”) to extend (i) the Documentation Deadline to April 29, 2011 and (ii) the Closing Deadline to July 22, 2011 (or, in the case of each of the foregoing clauses (i) and (ii), such later date as TNFINC may agree in its sole discretion) (the “Extension Period”). Unless TNFINC otherwise agrees, the Extension Period and the wage, work rule and benefit concessions set forth in the Restructuring Plan will terminate upon the occurrence of the events contained in the Second IBT Amendment. In addition, the extensions would terminate (i) April 29, 2011 in the event that the Company fails to enter into definitive documentation that is acceptable to TNFINC (in its sole discretion), or (ii) July 22, 2011 in the event that the Restructuring is not consummated, unless such dates are extended by TNFINC in its sole discretion at such time.

On April 29, 2011, we entered into the TNFINC Support Agreement, as described above, in which TNFINC acknowledged that the Company had satisfied the Documentation Condition.

6% Notes

The 6% Notes indenture provides that the maximum number of shares of our common stock that can be issued in respect of the 6% Notes upon conversion or with respect to the payment of interest or in connection with the make whole premium or otherwise shall be limited to 8,075,200 shares of common stock for \$70 million in aggregate principal amount of the 6% Notes, subject to certain adjustments. If the limit is reached, no holder is entitled to any other consideration on account of shares not issued. This limitation terminates if the holders of our common stock approve the termination of this limitation. As of May 10, 2011, a maximum of 5,284,781 shares of the Company’s common stock would be available for future issuances in respect of the 6% Notes. Such limitation on the number of shares of common stock issuable in respect of the 6% Notes applies on a pro rata basis to the approximately \$69.4 million in aggregate principal amount of outstanding 6% Notes.

Risks and Uncertainties Regarding 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 facilities, retained proceeds from asset sales, sale/leaseback financing transactions, issuances of our common stock and 6% Notes and an income tax refund from the IRS. In an effort to further manage liquidity, we have also instituted the deferral of principal and interest payments under the Contribution Deferral Agreement, certain interest and fees due under our Credit Agreement and ABS Facility, and we have received the benefit of wage reductions and other concessions from the modified NMFA (including prior modifications to the NMFA) including continued temporary cessation of pension contributions to multi-employer pension funds. Throughout 2010 we reviewed and into 2011 we continue to review the strategic and financing alternatives available to us and retained legal and financial advisors to assist us in this regard.

As described above, on February 28, 2011, we and the other Consenting Parties reached a non-binding agreement in principle in the form of the Term Sheet. On April 29, 2011, we entered into the Lender Support Agreement under which participating lenders holding more than 95% of the principal amount of outstanding credit agreement claims agreed to support the Restructuring as described above under the caption “—The Restructuring.” On April 29, 2011, we also entered into the TNFINC Support

[Table of Contents](#)

Agreement whereby TNFINC agreed to support the Restructuring. The Restructuring is intended to improve our balance sheet and our liquidity with which to operate.

A Milestone Failure has occurred because the Pension Fund Condition, which required we obtain, by March 10, 2011, the nonbinding agreement (on terms and conditions acceptable to Company, the Agent, the Steering Group Majority and TNFINC) of the Majority Funds (at least a majority of exposure as defined in the Contribution Deferral Agreement) to the terms of the Term Sheet (subject to the conditions included in the Term Sheet as applied to the Funds) was not satisfied by the required date, and, as a result, the Required Lenders have the right, but not the obligation, to declare an event of default under the Credit Agreement. The Required Lenders have not indicated that they intend to declare an event of default under the Credit Agreement, and we worked with the parties to satisfy the Documentation Condition as of April 29, 2011. Neither the Agent nor the Required Lenders have waived the Milestone Failure. We cannot provide any assurance that the Required Lenders will not declare an event of default under the Credit Agreement. If the Required Lenders declare an event of default under the Credit Agreement, we anticipate that we would seek protection under the Bankruptcy Code. As a result of the Milestone Failure, we have classified our debt under the Credit Agreement as current maturities of long-term debt. We have also classified the 6% Notes and pension contribution deferral obligations as current maturities of long-term debt due to cross-default provisions within the respective lending agreements.

In addition to the Pension Fund Condition, other significant milestones and conditions for our Restructuring and the continuation of deferrals (through completion of the Restructuring) under the Credit Agreement, ABS Facility and Contribution Deferral Agreement and the continuation of cost savings under our labor agreements include, but are not limited to the Closing Condition, the deadline for the Restructuring to be effectuated and closed by July 22, 2011 (or such later date approved by the Supermajority Lenders, Required Co-Agents, Majority Funds and TNFINC but not later than December 31, 2011). The obligations of the Company and the participating lenders to complete the Restructuring are subject to significant milestones and conditions as set forth above under the caption “The Restructuring—Obligations of Company and Participating Lenders to Complete the Exchange Offer.” The Lender Support Agreement and the TNFINC Support Agreement are subject to termination as described above under “The Restructuring—Termination of the Lender Support Agreement” and “The Restructuring—TNFINC Support Agreement,” respectively.

To continue to have sufficient liquidity to meet our cash flow requirements prior to completion of the Restructuring and through the remainder of 2011:

- we must implement our proposed Restructuring within the milestone conditions as set forth in the Lender Support Agreement, the TNFINC Support Agreement and under our Credit Agreement, ABS Facility, Contribution Deferral Agreement and Second IBT Amendment;
- our operating results, pricing and shipping volumes must continue to improve;
- we must continue to have access to our credit facilities;
- we must continue to defer payment of, in each case through the completion of the Restructuring and thereafter pursuant to the final terms of the Restructuring, as applicable:
 - interest and fees to our lenders under the Credit Agreement
 - interest and facility fees to purchasers of our accounts receivable pursuant to the ABS Facility
 - interest and principal to our pension funds pursuant to the Contribution Deferral Agreement;
- the cost savings under our labor agreements, including wage reductions, temporary cessation of multi-employer pension fund contributions and savings due to work rule changes, must continue;
- the multi-employer pension funds must allow the Company’s subsidiaries to re-enter the plans at the reduced contribution rate pursuant to the terms of the IBT Agreement or enter into alternative arrangements pursuant to the terms of the Lender Support Agreement;
- we must complete real estate sale transactions currently under contract as anticipated; and
- we must continue to implement and realize substantial cost savings measures to match our costs with business levels and to continue to become more efficient.

Some or all of these factors are beyond our control and as such we anticipate that we will continue to face risks and uncertainties regarding our short and medium-term liquidity. We cannot provide you with any assurances that the conditions contained in the definitive agreements supporting the Restructuring will be satisfied or that the Restructuring can be completed in the timeframes required under our various agreements with our stakeholders. We cannot provide you with any assurances that any restructuring can be completed out-of-court or whether we will be required to implement the Restructuring under the supervision of a bankruptcy court, in which event, the Company cannot provide you with any assurances that the terms of any such restructuring will not be substantially and materially different from the Term Sheet or any description of the Restructuring in this Quarterly Report on Form 10-Q or that an effort to implement an in-court restructuring would be successful.

Table of Contents

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The uncertainty regarding the Company's ability to generate sufficient cash flows and liquidity to fund operations raises substantial doubt about the Company's ability to continue as a going concern (which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future). Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. If we are unable to fund our operations through operating cash flows, existing credit facilities, sales of non-strategic assets and business lines and other capital market transactions, we would consider in court and out of court restructuring alternatives.

We expect to continue to monitor our liquidity carefully, work to reduce this uncertainty and address our cash needs through a combination of one or more of the following actions:

- we continue to, and expect to implement further cost actions and efficiency improvements;
- we will continue to aggressively seek additional and return business from customers;
- we will continue to attempt to reduce our collateral requirements related to our insurance programs;
- if appropriate, we may sell additional equity or pursue other capital market transactions;
- we may consider selling non-strategic assets or business lines; and
- we expect to carefully manage receipts and disbursements, including amounts and timing, focusing on reducing days sales outstanding and managing days payables outstanding.

We have substantial debt and, as a result, significant debt service obligations. As of March 31, 2011, we had approximately \$1.1 billion of secured indebtedness outstanding. We are deferring payment of (i) interest and fees to our lenders under the Credit Agreement, (ii) interest and facility fees to purchasers of our accounts receivable pursuant to the ABS Facility, and (iii) interest and principal to the multi-employer pension funds pursuant to the Contribution Deferral Agreement, and we are receiving the benefit of wage reductions and other concessions from the modified NMFA including continued temporary cessation of pension contributions to the multi-employer pension funds. As of March 31, 2011, the amounts deferred under the Credit Agreement, the ABS Facility and the Contribution Deferral Agreement were approximately \$146.3 million, \$20.9 million and \$68.6 million respectively. In the event the conditions and cross-conditions under the Credit Agreement, the ABS Facility, the Contribution Deferral Agreement and the modified NMFA are not satisfied, and the Restructuring is not completed, the amounts deferred and the benefits realized under such agreements could become payable or reimbursable, as applicable. If we do not complete the Restructuring, is very unlikely we will be able to generate cash sufficient to pay the principal of, interest on and other amounts due in respect of our indebtedness and other obligations when due. In such an event, we would likely be required to reorganize under Chapter 11 or liquidate under Chapter 7 of the Bankruptcy Code.

4. Debt and Financing

Total debt consisted of the following:

(in millions)	March 31, 2011	December 31, 2010
Revolving credit facility (capacity \$706.4 and \$713.7)	\$ 176.0	\$ 142.9
Term loan (par value of \$254.2 and \$257.1)	254.8	257.8
ABS borrowings, secured by accounts receivable (capacity \$325.0, borrowing base \$217.5 and \$189.3)	147.2	122.8
6% convertible senior notes (\$69.4 par value)	56.8	56.1
Pension contribution deferral obligations	138.5	139.1
Lease financing obligations	339.2	338.4
5.0% and 3.375% contingent convertible senior notes (stated at par value)	1.9	1.9
Other	1.1	1.1
Total debt	\$ 1,115.5	\$ 1,060.1
Current maturities of 5.0% and 3.375% contingent convertible senior notes and other	(3.0)	(2.9)
Current maturities of lease financing obligations	(4.6)	(4.4)
Current maturities of revolving credit facility	(176.0)	—
Current maturities of term loan	(254.8)	—
Current maturities of 6% convertible senior notes	(56.8)	—
Current maturities of pension contribution deferral obligations	(138.5)	(92.7)
ABS borrowings	(147.2)	(122.8)
Long-term debt	\$ 334.6	\$ 837.3

Credit Agreement

Milestone Failure

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, we failed to satisfy the Pension Fund Condition under the Credit Agreement by March 10, 2011 and therefore have triggered a Milestone Failure and, as a result, the Required Lenders (at least 51% of exposure as defined in the Credit Agreement) have the right, but not the obligation, to declare an event of default under the Credit Agreement. We cannot provide any assurance that the Required Lenders will not declare an event of default under the Credit Agreement. Accordingly we have classified our debt under the Credit Agreement as current maturities of long-term debt. We have also classified the 6% Notes and the pension contribution deferral obligations as current maturities of long-term debt due to cross-default provisions within the respective lending agreements.

If the Required Lenders declare an event of default under the Credit Agreement, we anticipate that we would seek protection under the U.S. Bankruptcy Code (the “Bankruptcy Code”).

Asset-Backed Securitization Facility

At March 31, 2011, our underlying accounts receivable supported a borrowing base under our ABS Facility of \$217.5 million. In addition to the \$147.2 million outstanding, the ABS facility capacity was also reduced by outstanding letters of credit of \$64.7 million resulting in \$5.6 million of unrestricted unused capacity at March 31, 2011.

Interest and Fee Deferrals

The following table presents accrued interest and fees that have been deferred under the terms of the Credit Agreement, ABS Facility and Contribution Deferral Agreement and are included in our consolidated balance sheets in “Other current and accrued liabilities”:

<u>(in millions)</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Interest deferrals		
Credit Agreement	\$ 114.5	\$ 96.3
ABS Facility	5.9	2.7
Pension contribution deferral agreement	10.9	9.1
Amendment and commitment fee deferrals		
Credit Agreement	31.8	31.8
ABS Facility	15.0	15.0
Total interest and fee deferrals	<u>\$ 178.1</u>	<u>\$ 154.9</u>

Fair Value Measurement

The carrying amounts and estimated fair values of our long-term debt, including current maturities and other financial instruments, are summarized as follows:

<u>(in millions)</u>	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Credit Agreement and ABS Facility borrowings	\$ 578.0	\$ 574.7	\$ 523.5	\$ 396.8
Notes and other obligations	198.3	157.5	198.2	116.6
Lease financing obligations	339.2	339.2	338.4	338.4
Total debt	<u>\$1,115.5</u>	<u>\$1,071.4</u>	<u>\$1,060.1</u>	<u>\$ 851.8</u>

The fair values of our outstanding debt were estimated based on observable prices (level two inputs for fair value measurements), where available, or using the quarter end conversion price for convertible notes (level three inputs for fair value measurements). The carrying amount of the lease financing obligations approximates fair value. The carrying value of debt with an original maturity of less than one year approximates market value.

5. Employee Benefits

Components of Net Periodic Pension Costs

The following table sets forth the components of our company-sponsored pension costs for the three months ended March 31:

(in millions)	Pension Costs	
	2011	2010
Service cost	\$ 0.9	\$ 0.9
Interest cost	15.2	15.0
Expected return on plan assets	(10.7)	(13.1)
Amortization of net loss	2.4	1.6
Total periodic pension cost	<u>\$ 7.8</u>	<u>\$ 4.4</u>

We expect to contribute \$29.5 million to our pension plans in 2011.

6. Income Taxes

Effective Tax Rate

Our effective tax rate for continuing operations for the three months ended March 31, 2011 and 2010 was 4.3% and 2.1%, respectively. Significant items impacting the 2011 rate include a state tax benefit, certain permanent items and an increase in the valuation allowance established for the net deferred tax asset balance projected for December 31, 2011. 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. At March 31, 2011 and December 31, 2010, substantially all of our net deferred tax assets are subject to a valuation allowance.

7. Shareholders' Deficit

The following reflects the activity in the shares of our common stock for the three months ended March 31:

(in thousands)	2011
Beginning balance	47,684
Shares forfeited under share-based compensation arrangements	(27)
Interest paid in stock for the 6% Notes	219
Ending balance	<u>47,876</u>

8. Loss Per Share

Dilutive securities, consisting of preferred stock, 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 convertible notes are also included in our calculation of diluted weighted average common shares; however, due to our net loss position for the three months ended March 31, 2011 and 2010, there are no dilutive securities for these periods.

Antidilutive options and share units were 11,192,600 and 690,500 for the three months ended March 31, 2011 and 2010, respectively. Antidilutive 6% convertible senior note conversion shares, including the make whole premium, were convertible into 5,284,781 and 5,738,200 common shares at March 31, 2011 and 2010, respectively. For the three months ended March 31, 2010, the antidilutive securities included preferred stock.

9. 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.

[Table of Contents](#)

We have the following 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. Truckload consists of Glen Moore, a domestic truckload carrier. The results of Jiayu are reflected in our consolidated results as part of the Corporate segment.

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, 2010. 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>Truckload</u>	<u>Corporate/ Eliminations</u>	<u>Consolidated</u>
As of March 31, 2011					
Identifiable assets	\$ 1,629.4	\$ 892.8	\$ 50.4	\$ 51.7	\$ 2,624.3
As of December 31, 2010					
Identifiable assets	1,612.3	864.3	49.8	66.5	2,592.9
Three months ended March 31, 2011					
Operating revenue	730.0	365.7	21.8	5.4	1,122.9
Intersegment revenue	—	0.4	3.4	(3.8)	—
Operating loss	(51.3)	(1.2)	(3.9)	(11.6)	(68.0)
Three months ended March 31, 2010					
Operating revenue	663.1	309.0	17.7	(2.7)	987.1
Intersegment revenue	—	0.2	9.2	(9.4)	—
Operating loss	(185.1)	(39.6)	(3.1)	(5.4)	(233.2)

10. Comprehensive Loss

Comprehensive loss for the three months ended March 31 follows:

<u>(in millions)</u>	<u>2011</u>	<u>2010</u>
Net loss attributable to YRC Worldwide Inc.	<u>\$(101.8)</u>	<u>\$(274.1)</u>
Other comprehensive loss attributable to YRC Worldwide Inc., net of tax:		
Amortization of net losses to net income (loss)	1.5	1.0
Deferred tax rate adjustments	—	(1.1)
Changes in foreign currency translation adjustments	2.2	1.8
Other comprehensive income attributable to YRC Worldwide Inc.	3.7	1.7
Comprehensive loss attributable to YRC Worldwide Inc.	<u>\$ (98.1)</u>	<u>\$(272.4)</u>

Comprehensive loss attributable to our non-controlling interest was not material for any period presented.

11. Discontinued Operations – YRC Logistics

YRC Logistics was reported as a separate segment in our consolidated financial statements. As a result of the sale of the majority of YRC Logistics and the closure of the pooled distribution business line in 2010, we have presented the related financial results of YRC Logistics as discontinued operations in all periods presented.

Shared services and corporate costs previously allocated to this segment, totaled \$4.1 million for the three months ended March 31, 2010 and are included in continuing operations in our 'Corporate and other' segment.

[Table of Contents](#)

The financial results included in discontinued operations for the three months ended March 31 are as follows:

<u>(in millions)</u>	<u>2010</u>
Revenue	<u>\$76.1</u>
Operating loss	(3.6)
Loss from operations before income taxes	(4.1)
Income tax provision	<u>0.1</u>
Net loss from discontinued operations	<u>\$ (4.0)</u>

12. Commitments, Contingencies, and Uncertainties

401(k) Class Action Suit

Four class action complaints were filed in the U.S. District Court for the District of Kansas against the Company and certain of its officers and directors, alleging violations of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), based on similar allegations and causes of action. On November 17, 2009, Eva L. Hanna and Shelley F. Whitson, former participants in the Yellow Roadway Corporation Retirement Plan, filed a class action complaint on behalf of certain persons participating in the plan (or plans that merged with the plan) from April 6, 2009 to the present; on December 7, 2009, Daniel J. Cambra, a participant in the Yellow Roadway Corporation Retirement Savings Plan, filed a class action complaint on behalf of certain persons participating in the plan (or plans that merged with the plan) from October 25, 2007 to the present; on January 15, 2010, Patrick M. Couch, a participant in one of the merged 401(k) plans, filed a class action complaint on behalf of certain persons participating in the plan (or plans that merged with the plan) from March 23, 2006 to the present; and on April 21, 2010, Tawana Franklin, a participant in YRC Worldwide 401(k) Plan, filed a class action complaint on behalf of certain persons participating in the plan (or plans that merged with the plan) from October 25, 2007 to the present.

In general, the complaints allege that the defendants breached their fiduciary duties under ERISA by providing participants Company common stock as part of their matching contributions and by not removing the stock fund as an investment option in the plans in light of the Company’s financial condition. Although some Company matching contributions were made in Company common stock, participants were not permitted to invest their own contributions in the Company stock fund. The complaints allege that the defendants failed to prudently and loyally manage the plans and assets of the plans; imprudently invested in Company common stock; failed to monitor fiduciaries and provide them with accurate information; breached the duty to properly appoint, monitor, and inform the Benefits Administrative Committee; misrepresented and failed to disclose adverse financial information; breached the duty to avoid conflict of interest; and are subject to co-fiduciary liability. Each of the complaints seeks, among other things, an order compelling defendants to make good to the plan all losses resulting from the alleged breaches of fiduciary duty, attorneys’ fees, and other injunctive and equitable relief. Based on the four separate complaints previously filed, the Company believes the allegations are without merit and intends to vigorously defend the claims.

On March 3, 2010, the Court entered an order consolidating three of the four cases and, on April 1, 2010, the plaintiffs filed a consolidated complaint. The consolidated complaint asserts the same claims as the previously-filed complaints but names as defendants certain former officers of the Company in addition to those current officers and directors that have already been named. The fourth case (Franklin) was consolidated with the first three cases on May 12, 2010.

The defendants moved to dismiss the consolidated complaint on June 1, 2010. The court granted the defendants’ motion to dismiss with respect to the claim that defendants breached their fiduciary duties by misrepresenting or failing to disclose information to plan participants but refused to dismiss the remainder of the plaintiffs’ claims.

On April 6, 2011, the court certified a class consisting of all 401(k) Plan participants or beneficiaries who held YRCW stock in their accounts between October 25, 2007 and the present. The parties recently agreed to a four month extension of all deadlines. The new discovery deadline is August 1, 2011, dispositive motions are due March 5, 2012 and the new trial date is July 6, 2012.

The ultimate outcome of this case is not determinable. Therefore, we have not recorded any liability for this matter.

ABF Lawsuit

On November 1, 2010, ABF Freight System, Inc. (“ABF”) filed a complaint in the U.S. District court for the Western District of Arkansas against several parties, including YRC Inc., New Penn Motor Express, Inc. and USF Holland Inc. (each a subsidiary of the Company and collectively, the “YRC Defendants”) and the International Brotherhood of Teamsters and the local Teamster unions party to the National Master Freight Agreement (“NMFA”) alleging violation of the NMFA due to modifications to the NMFA that have provided relief to the YRC Defendants without providing the same relief to ABF. The complaint seeks to have the modifications to the NMFA declared null and void and seeks damages of \$750 million from the named defendants. The Company believes the allegations are without merit and intends to vigorously defend the claims.

On December 17, 2010, the U.S. District Court for the Western District of Arkansas dismissed the complaint. ABF appealed the dismissal on January 18, 2011 to the U.S. Court of Appeals for the 8th Circuit. The appeal is now fully briefed, and the Court of Appeals heard oral argument on April 12, 2011. At oral argument, the Court indicated that it would try to decide the case by July 2011.

The ultimate outcome of this case is not determinable. Therefore, we have not recorded any liability for this matter.

Securities Class Action Suit

On February 7, 2011, a putative class action was filed by Bryant Holdings LLC in the United States District Court for the District of Kansas on behalf of purchasers of the Company’s securities between April 24, 2008 and November 2, 2009, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934, as amended. The complaint alleges that, throughout the Class Period, the Company and certain of its officers failed to disclose material adverse facts about the Company’s true financial condition, business and prospects. Specifically, the complaint alleges that defendants’ statements were materially false and misleading because they misrepresented and overstated the financial condition of the Company and caused shares of the Company’s common stock to trade at artificially inflated levels throughout the Class Period. Bryant Holdings LLC seeks to recover damages on behalf of all purchasers of the Company’s securities during the Class Period. The Company believes the allegations are without merit and intends to vigorously defend the claims. On April 8, 2011, an individual (Stan Better) and a group of investors (including Bryant Holdings LLC) filed competing motions seeking to be named the lead plaintiff in the lawsuit. On May 6, 2011, the parties attempting to be named lead plaintiff filed a stipulation requesting that the Court appoint them as co-lead plaintiffs in the lawsuit. The parties have agreed that the Company will not be required to file an answer or other responsive pleading until such time as the Court has named the lead plaintiff and the lead plaintiff has filed an amended complaint.

The ultimate outcome of this case is not determinable. Therefore, we have not recorded any liability for this matter.

13. Guarantees of the 5.0% and 3.375% Net Share Settled Contingent Convertible Senior Notes Due 2023

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 new 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 Enterprise Services, Inc., Roadway LLC, and Roadway Next Day Corporation. Each of the guarantees is full and unconditional and joint and several. Effective August 4, 2010, Global.com Lines Inc. was released as a guarantor in connection with its merger with and into YRC Logistics Global, LLC. Effective August 13, 2010 YRC Logistics, Inc. and YRC Logistics Global, LLC were released as guarantors in connection with the sale of YRC Logistics.

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 March 31, 2011 and December 31, 2010, with respect to the financial position and for the three months ended March 31, 2011 and 2010, for results of operations and cash flows of YRC Worldwide and its subsidiaries. The Parent column presents the financial information of YRC Worldwide, the primary obligor of the net share settled 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

March 31, 2011 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 118	\$ 10	\$ 29	\$ —	\$ 157
Intercompany advances receivable	—	(40)	40	—	—
Accounts receivable, net	10	(8)	497	(1)	498
Prepaid expenses and other	(45)	203	47	—	205
Total current assets	83	165	613	(1)	860
Property and equipment	—	2,260	950	—	3,210
Less – accumulated depreciation	—	(1,340)	(370)	—	(1,710)
Net property and equipment	—	920	580	—	1,500
Investment in subsidiaries	2,373	(9)	119	(2,483)	—
Receivable from affiliate	(548)	490	58	—	—
Intangibles and other assets	322	184	108	(350)	264
Total assets	<u>\$2,230</u>	<u>\$ 1,750</u>	<u>\$ 1,478</u>	<u>\$ (2,834)</u>	<u>\$ 2,624</u>
Intercompany advances payable	\$ 146	\$ 263	\$ (209)	\$ (200)	\$ —
Accounts payable	29	80	58	(1)	166
Wages, vacations and employees' benefits	24	122	59	—	205
Other current and accrued liabilities	276	130	76	—	482
Current maturities of long-term debt	632	—	149	—	781
Total current liabilities	1,107	595	133	(201)	1,634
Payable to affiliate	—	—	150	(150)	—
Long-term debt, less current portion	335	—	—	—	335
Deferred income taxes, net	113	(90)	97	—	120
Pension and postretirement	452	—	—	—	452
Claims and other liabilities	365	6	—	—	371
Commitments and contingencies					
YRC Worldwide Inc. Shareholders' equity (deficit)	(142)	1,239	1,100	(2,483)	(286)
Non-controlling interest	—	—	(2)	—	(2)
Total Shareholders' equity (deficit)	<u>(142)</u>	<u>1,239</u>	<u>1,098</u>	<u>(2,483)</u>	<u>(288)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$2,230</u>	<u>\$ 1,750</u>	<u>\$ 1,478</u>	<u>\$ (2,834)</u>	<u>\$ 2,624</u>

Table of Contents

December 31, 2010
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 120	\$ 9	\$ 14	\$ —	\$ 143
Intercompany advances receivable	—	(31)	31	—	—
Accounts receivable, net	9	(5)	438	—	442
Prepaid expenses and other	(46)	190	39	—	183
Total current assets	83	163	522	—	768
Property and equipment	—	2,290	948	—	3,238
Less – accumulated depreciation	—	(1,331)	(356)	—	(1,687)
Net property and equipment	—	959	592	—	1,551
Investment in subsidiaries	2,226	(13)	174	(2,387)	—
Receivable from affiliate	(549)	503	46	—	—
Intangibles and other assets	327	185	112	(350)	274
Total assets	<u>\$2,087</u>	<u>\$ 1,797</u>	<u>\$ 1,446</u>	<u>\$ (2,737)</u>	<u>\$ 2,593</u>
Intercompany advances payable	\$ 121	\$ 298	\$ (219)	\$ (200)	\$ —
Accounts payable	20	75	52	—	147
Wages, vacations and employees' benefits	25	120	51	—	196
Other current and accrued liabilities	259	126	68	—	453
Asset-backed securitization borrowings	—	—	123	—	123
Current maturities of long-term debt	99	—	1	—	100
Total current liabilities	524	619	76	(200)	1,019
Payable to affiliate	—	—	150	(150)	—
Long-term debt, less current portion	837	—	—	—	837
Deferred income taxes, net	75	(53)	97	—	119
Pension and postretirement	448	—	—	—	448
Claims and other liabilities	354	6	—	—	360
Commitments and contingencies					
YRC Worldwide Inc. Shareholders' equity (deficit)	(151)	1,225	1,125	(2,387)	(188)
Non-controlling interest	—	—	(2)	—	(2)
Total Shareholders' equity (deficit)	(151)	1,225	1,123	(2,387)	(190)
Total liabilities and shareholders' equity	<u>\$2,087</u>	<u>\$ 1,797</u>	<u>\$ 1,446</u>	<u>\$ (2,737)</u>	<u>\$ 2,593</u>

[Table of Contents](#)

Condensed Consolidating Statements of Operations

For the three months ended March 31, 2011 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 691	\$ 436	\$ (4)	\$ 1,123
Operating expenses:					
Salaries, wages and employees' benefits	—	430	250	—	680
Operating expenses and supplies	6	152	119	—	277
Purchased transportation	—	91	33	(4)	120
Depreciation and amortization	—	30	19	—	49
Other operating expenses	2	40	26	—	68
Gains on property disposals, net	—	—	(3)	—	(3)
Total operating expenses	8	743	444	(4)	1,191
Operating loss	(8)	(52)	(8)	—	(68)
Nonoperating (income) expenses:					
Interest expense	32	—	7	—	39
Other, net	68	(25)	(43)	—	—
Nonoperating (income) expenses, net	100	(25)	(36)	—	39
Income (loss) from continuing operations before income taxes	(108)	(27)	28	—	(107)
Income tax benefit	(5)	—	—	—	(5)
Net income (loss) from continuing operations	(103)	(27)	28	—	(102)
Net income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	<u>\$(103)</u>	<u>\$ (27)</u>	<u>\$ 28</u>	<u>\$ —</u>	<u>\$ (102)</u>

For the three months ended March 31, 2010 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 627	\$ 372	\$ (12)	\$ 987
Operating expenses:					
Salaries, wages and employees' benefits	5	506	250	—	761
Operating expenses and supplies	(4)	138	103	—	237
Purchased transportation	—	83	23	(12)	94
Depreciation and amortization	—	31	20	—	51
Other operating expenses	1	46	16	—	63
Losses on property disposals, net	—	4	5	—	9
Impairment charges	—	—	5	—	5
Total operating expenses	2	808	422	(12)	1,220
Operating loss	(2)	(181)	(50)	—	(233)
Nonoperating (income) expenses:					
Interest expense	32	1	8	—	41
Other, net	38	(9)	(27)	—	2
Nonoperating (income) expenses, net	70	(8)	(19)	—	43
Loss from continuing operations before income taxes	(72)	(173)	(31)	—	(276)
Income tax benefit	(6)	—	—	—	(6)
Net loss from continuing operations	(66)	(173)	(31)	—	(270)
Net income (loss) from discontinued operations, net of tax	—	2	(6)	—	(4)
Net loss	<u>\$(66)</u>	<u>\$ (171)</u>	<u>\$ (37)</u>	<u>\$ —</u>	<u>\$ (274)</u>

Table of Contents

Condensed Consolidating Statements of Cash Flows

For the three months ended March 31, 2011 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	\$ (52)	\$ 12	\$ (6)	\$ —	\$ (46)
Investing activities:					
Acquisition of property and equipment	—	(5)	(5)	—	(10)
Proceeds from disposal of property And equipment	—	11	—	—	11
Net cash provided by (used in) investing activities	—	6	(5)	—	1
Financing activities:					
Asset backed securitization borrowings, net	—	—	25	—	25
Issuance of long-term debt, net	38	—	—	—	38
Debt issuance cost	(4)	—	—	—	(4)
Intercompany advances / repayments	16	(17)	1	—	—
Net cash provided by (used in) financing activities	50	(17)	26	—	59
Net increase (decrease) in cash and cash equivalents	(2)	1	15	—	14
Cash and cash equivalents, beginning of period	120	9	14	—	143
Cash and cash equivalents, end of period	\$ 118	\$ 10	\$ 29	\$ —	\$ 157
For the three months ended March 31, 2010 (in millions)					
Operating activities:					
Net cash provided by (used in) operating activities	\$ 39	\$ (57)	\$ 36	\$ —	\$ 18
Investing activities:					
Acquisition of property and equipment	—	(3)	(1)	—	(4)
Proceeds from disposal of property And equipment	—	8	—	—	8
Net cash provided by (used in) investing activities	—	5	(1)	—	4
Financing activities:					
Asset backed securitization payments, net	—	—	(29)	—	(29)
Issuance (repayment) of long-term debt, net	112	(6)	(45)	—	61
Debt issuance cost	(7)	—	—	—	(7)
Equity issuance cost	(14)	—	—	—	(14)
Intercompany advances / repayments	(97)	57	40	—	—
Net cash provided by (used in) financing activities	(6)	51	(34)	—	11
Net increase (decrease) in cash and cash equivalents	33	(1)	1	—	33
Cash and cash equivalents, beginning of period	69	9	20	—	98
Cash and cash equivalents, end of period	\$ 102	\$ 8	\$ 21	\$ —	\$ 131

14. Guarantees of the 6% Convertible Senior Notes Due 2014

On February 23, 2010, and August 3, 2010, we issued \$70 million in aggregate principal amount of our 6% convertible senior notes due 2014 (the “6% Notes”). In connection with the 6% Notes, the following 100% owned subsidiaries of YRC Worldwide have issued guarantees in favor of the holders of the notes: YRC Inc., YRC Enterprise Services, Inc., Roadway LLC, Roadway Next Day Corporation, YRC Regional Transportation, Inc., 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. Effective August 4, 2010, Global.com Lines Inc. was released as a guarantor in connection with its merger with and into YRC Logistics Global, LLC. Effective August 13, 2010, YRC Logistics, Inc. and YRC Logistics Global, LLC were released as guarantors in connection with the sale of YRC Logistics.

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 to obtain funds from its subsidiaries by dividend or loan.

The following represents condensed consolidating financial information as of March 31, 2011 and December 31, 2010, with respect to the financial position and for the three months ended March 31, 2011 and 2010, for results of operations and cash flows of YRC Worldwide and its subsidiaries. The Parent column presents the financial information of YRC Worldwide, the primary obligor of the 6% Notes. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the 6% 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

March 31, 2011 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 118	\$ 12	\$ 27	\$ —	\$ 157
Intercompany advances receivable	—	(46)	46	—	—
Accounts receivable, net	10	(4)	492	—	498
Prepaid expenses and other	(45)	261	(11)	—	205
Total current assets	83	223	554	—	860
Property and equipment	—	3,021	189	—	3,210
Less – accumulated depreciation	—	(1,616)	(94)	—	(1,710)
Net property and equipment	—	1,405	95	—	1,500
Investment in subsidiaries	2,373	125	(15)	(2,483)	—
Receivable from affiliate	(548)	841	(293)	—	—
Intangibles and other assets	322	227	65	(350)	264
Total assets	<u>\$ 2,230</u>	<u>\$ 2,821</u>	<u>\$ 406</u>	<u>\$ (2,833)</u>	<u>\$ 2,624</u>
Intercompany advances payable	\$ 146	\$ 215	\$ (161)	\$ (200)	\$ —
Accounts payable	29	102	35	—	166
Wages, vacations and employees’ benefits	24	169	12	—	205
Other current and accrued liabilities	276	189	17	—	482
Current maturities of long-term debt	632	—	149	—	781
Total current liabilities	1,107	675	52	(200)	1,634
Payable to affiliate	—	—	150	(150)	—
Long-term debt, less current portion	335	—	—	—	335
Deferred income taxes, net	113	(3)	10	—	120
Pension and postretirement	452	—	—	—	452
Claims and other liabilities	365	6	—	—	371
Commitments and contingencies					
YRC Worldwide Inc. Shareholders’ equity (deficit)	(142)	2,143	196	(2,483)	(286)
Non-controlling interest	—	—	(2)	—	(2)
Total Shareholders’ equity (deficit)	(142)	2,143	194	(2,483)	(288)
Total liabilities and shareholders’ equity (deficit)	<u>\$ 2,230</u>	<u>\$ 2,821</u>	<u>\$ 406</u>	<u>\$ (2,833)</u>	<u>\$ 2,624</u>

Table of Contents

December 31, 2010
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 120	\$ 10	\$ 13	\$ —	\$ 143
Intercompany advances receivable	—	(38)	38	—	—
Accounts receivable, net	9	2	431	—	442
Prepaid expenses and other	(46)	240	(11)	—	183
Total current assets	83	214	471	—	768
Property and equipment	—	3,050	188	—	3,238
Less – accumulated depreciation	—	(1,596)	(91)	—	(1,687)
Net property and equipment	—	1,454	97	—	1,551
Investment in subsidiaries	2,226	130	31	(2,387)	—
Receivable from affiliate	(549)	840	(291)	—	—
Intangibles and other assets	327	230	67	(350)	274
Total assets	<u>\$2,087</u>	<u>\$ 2,868</u>	<u>\$ 375</u>	<u>\$ (2,737)</u>	<u>\$ 2,593</u>
Intercompany advances payable	\$ 121	\$ 269	\$ (190)	\$ (200)	\$ —
Accounts payable	20	96	31	—	147
Wages, vacations and employees' benefits	25	158	13	—	196
Other current and accrued liabilities	259	183	11	—	453
Asset-back securitization borrowings	—	—	123	—	123
Current maturities of long-term debt	99	—	1	—	100
Total current liabilities	524	706	(11)	(200)	1,019
Payable to affiliate	—	—	150	(150)	—
Long-term debt, less current portion	837	—	—	—	837
Deferred income taxes, net	75	34	10	—	119
Pension and postretirement	448	—	—	—	448
Claims and other liabilities	354	6	—	—	360
Commitments and contingencies					
YRC Worldwide Inc. Shareholders; equity (deficit)	(151)	2,122	228	(2,387)	(188)
Non-controlling interest	—	—	(2)	—	(2)
Total Shareholders' equity (deficit)	(151)	2,122	226	(2,387)	(190)
Total liabilities and shareholders' equity (deficit)	<u>\$2,087</u>	<u>\$ 2,868</u>	<u>\$ 375</u>	<u>\$ (2,737)</u>	<u>\$ 2,593</u>

[Table of Contents](#)

Condensed Consolidating Statements of Operations

For the three months ended March 31, 2011 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 1,022	\$ 101	\$ —	\$ 1,123
Operating expenses:					
Salaries, wages and employees' benefits	—	627	53	—	680
Operating expenses and supplies	6	248	23	—	277
Purchased transportation	—	101	19	—	120
Depreciation and amortization	—	45	4	—	49
Other operating expenses	2	62	4	—	68
Gains on property disposals, net	—	(3)	—	—	(3)
Total operating expenses	8	1,080	103	—	1,191
Operating loss	(8)	(58)	(2)	—	(68)
Nonoperating (income) expenses:					
Interest expense	32	1	6	—	39
Other, net	68	(47)	(21)	—	—
Nonoperating (income) expenses, net	100	(46)	(15)	—	39
Income (loss) from continuing operations before income taxes	(108)	(12)	13	—	(107)
Income tax benefit	(5)	—	—	—	(5)
Net income (loss) from continuing operations	(103)	(12)	13	—	(102)
Net loss from discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	<u>\$(103)</u>	<u>\$ (12)</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ (102)</u>

For the three months ended March 31, 2010 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	\$ —	\$ 904	\$ 86	\$ (3)	\$ 987
Operating expenses:					
Salaries, wages and employees' benefits	5	701	55	—	761
Operating expenses and supplies	(4)	221	20	—	237
Purchased transportation	—	84	13	(3)	94
Depreciation and amortization	—	47	4	—	51
Other operating expenses	1	59	3	—	63
Losses on property disposals, net	—	7	2	—	9
Impairment charges	—	—	5	—	5
Total operating expenses	2	1,119	102	(3)	1,220
Operating loss	(2)	(215)	(16)	—	(233)
Nonoperating (income) expenses:					
Interest expense	32	2	7	—	41
Other, net	38	(21)	(15)	—	2
Nonoperating (income) expenses, net	70	(19)	(8)	—	43
Loss from continuing operations before income taxes	(72)	(196)	(8)	—	(276)
Income tax benefit	(6)	—	—	—	(6)
Net loss from continuing operations	(66)	(196)	(8)	—	(270)
Net loss from discontinued operations, net of tax	—	(4)	—	—	(4)
Net loss	<u>\$(66)</u>	<u>\$ (200)</u>	<u>\$ (8)</u>	<u>\$ —</u>	<u>\$ (274)</u>

Table of Contents

Condensed Consolidating Statements of Cash Flows

For the three months ended March 31, 2011 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	\$ (52)	\$ 46	\$ (40)	\$ —	\$ (46)
Investing activities:					
Acquisition of property and equipment	—	(10)	—	—	(10)
Proceeds from disposal of property And equipment	—	11	—	—	11
Net cash provided (used in) by investing activities	—	1	—	—	1
Financing activities:					
Asset backed securitization borrowings , net	—	—	25	—	25
Issuance of long-term debt, net	38	—	—	—	38
Debt issuance cost	(4)	—	—	—	(4)
Intercompany advances / repayments	16	(45)	29	—	—
Net cash provided by (used in) financing activities	50	(45)	54	—	59
Net increase (decrease) in cash and cash equivalents	(2)	2	14	—	14
Cash and cash equivalents, beginning of period	120	10	13	—	143
Cash and cash equivalents, end of period	<u>\$118</u>	<u>\$ 12</u>	<u>\$ 27</u>	<u>\$ —</u>	<u>\$ 157</u>
For the three months ended March 31, 2010 (in millions)					
Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated	
Operating activities:					
Net cash provided by (used in) operating activities	\$ 39	\$ (36)	\$ 15	\$ —	\$ 18
Investing activities:					
Acquisition of property and equipment	—	(4)	—	—	(4)
Proceeds from disposal of property and equipment	—	8	—	—	8
Net cash provided by investing activities	—	4	—	—	4
Financing activities:					
Asset backed securitization payments, net	—	—	(29)	—	(29)
Issuance (repayment) of long-term debt, net	112	(51)	—	—	61
Debt issuance cost	(7)	—	—	—	(7)
Equity issuance costs	(14)	—	—	—	(14)
Intercompany advances / repayments	(97)	82	15	—	—
Net cash provided by (used in) financing activities	(6)	31	(14)	—	11
Net increase (decrease) in cash and cash equivalents	33	(1)	1	—	33
Cash and cash equivalents, beginning of period	69	10	19	—	98
Cash and cash equivalents, end of period	<u>\$102</u>	<u>\$ 9</u>	<u>\$ 20</u>	<u>\$ —</u>	<u>\$ 131</u>

[Table of Contents](#)

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," "may," "expect," "believe," "estimate" or similar expressions. It is important to note that any restructuring, including that described in the MD&A, will be subject to a number of significant conditions, including, among other things, the satisfaction or waiver of the conditions contained in the definitive agreements related to the restructuring and the lack of unexpected or adverse litigation results. We cannot provide you with any assurances that the conditions contained in the definitive agreements related to the restructuring will be satisfied or that the restructuring can be completed in the timeframes required under our various agreements with our stakeholders. We cannot provide you with any assurances that any restructuring can be completed out-of-court or whether we will be required to implement the restructuring under the supervision of a bankruptcy court, in which event, we cannot provide you with any assurances that the terms of any such restructuring will not be substantially and materially different from any description in this MD&A or that an effort to implement an in-court restructuring would be successful. In addition, even if a restructuring is completed, our future results could differ materially from any results projected in such forward-looking statements because of a number of factors, including (among others), the effect of any restructuring, whether out-of-court or in-court, may have on our customers' willingness to ship their products on our transportation network, our ability to generate sufficient cash flows and liquidity to fund operations, which raises substantial doubt about our ability to continue as a going concern, inflation, inclement weather, price and availability of fuel, sudden changes in the cost of fuel or the index upon which we base our 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, changes in equity and debt markets, a downturn in general or regional economic activity, effects of a terrorist attack, 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 SEC, including our Annual Report on Form 10-K for the year ended December 31, 2010.

Results of Operations

This section focuses on the highlights and significant items that impacted our operating results during the first quarter of 2011. We have presented a discussion regarding the operating results of each of our operating segments: National Transportation, Regional Transportation and Truckload.

Consolidated Results

Our consolidated results for the three months ended March 31, 2011 and 2010 include the results of each of the operating segments discussed below and corporate charges. 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 months ended March 31:

<u>(in millions)</u>	<u>2011</u>	<u>2010</u>	<u>Percent Change</u>
Operating revenue	\$1,122.9	\$ 987.1	13.8%
Operating loss	(68.0)	(233.2)	70.8%
Nonoperating expenses, net	38.8	42.8	(9.3)%
Net loss from continuing operations	\$ (102.3)	\$(270.1)	62.1%

Three months ended March 31, 2011 compared to three months ended March 31, 2010

Our consolidated operating revenue increased 13.8% during the three months ended March 31, 2011 versus the same period in 2010 due to increased revenue from our National Transportation and Regional Transportation segments. This increase is attributed to both increases in volume over the comparable prior year quarter and increases in yield or pricing. Our volume increases are primarily attributed to a moderately improving economic environment. The improvement in yield is due to increased fuel surcharge revenue resulting from higher diesel fuel costs as well as a more disciplined industry pricing market.

[Table of Contents](#)

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.

Operating expenses for the first quarter of 2011 decreased \$29.5 million or 2.4% as compared to the same period in 2010 primarily related to a reduction in equity based compensation expense of \$108.0 million related to certain 2010 awards granted to our union work force. The reduction was offset by a \$29.7 million increase in salaries, wages and benefits, a \$39.8 million increase in operating expenses and supplies, a \$25.6 million increase in purchased transportation and a \$4.7 million increase in other operating expenses, which are attributable to increasing volumes and higher fuel prices.

The increase in salaries, wages and benefits in the first quarter of 2011 as compared to the same period in 2010 is largely due to higher shipment related wages in the current year as we reacted to greater volumes as well as workers' compensation expense primarily in our National segment which is reflective of approximately \$17.4 million of unfavorable development of prior years self-insured claims which occurred during or were open and unsettled at the 2009 integration of the Yellow and Roadway network operations. The increase in operating expenses and supplies is a result of higher fuel expenses of \$37.8 million or 38.4% and vehicle and facility maintenance of \$7.3 million or 13.6%.

Consolidated operating loss for the three months ended March 31, 2010 included non-cash impairment charges of \$5.3 million representing a reduction in the trade name values attributed to YRC Reimer (a part of the National Transportation segment) and New Penn (a part of the Regional Transportation segment). The impairment charge was reflective of a change in revenue growth assumptions in the fair value model. There are no such impairment charges during the three months ended March 31, 2011.

Our consolidated operating loss during the first quarter of 2011 includes a \$3.0 million net gain from the sale of property and equipment and the fair value adjustments for property and equipment held for sale compared to an \$8.8 million net loss for the same period in 2010.

Nonoperating expenses decreased \$4.0 million in the first quarter of 2011 compared to the same period in 2010. The reduction consisted primarily of reduced interest expense of \$2.1 million related to a reduction in borrowings and an improvement in other nonoperating expenses primarily related to the treatment of our 65% ownership in Shanghai Jiayu Logistics Co., Ltd. ("Jiayu") as of April 1, 2010. Through March 31, 2010, we had accounted for our 65% ownership in Jiayu as an equity method investment as the rights of the minority shareholder were considered extensive and allowed for their ability to veto many business decisions. These rights were primarily provided as a part of the General Manager role held by the minority shareholder. Effective April 1, 2010, the minority shareholder no longer had a role in the management of the operations of the business and therefore the conclusions from an accounting perspective, regarding the relationship of this joint venture and accordingly, required that we consolidate Jiayu in our financial statements effective April 1, 2010.

Our effective tax rate for continuing operations for the three months ended March 31, 2011 and 2010 was 4.3% and 2.1%, respectively. Significant items impacting the 2011 rate include a state tax benefit, certain permanent items and an increase in the valuation allowance established for the net deferred tax asset balance projected for December 31, 2011. 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. At March 31, 2011 and December 31, 2010, substantially all of our net deferred tax assets are subject to a valuation allowance.

National Transportation Results

National Transportation represented approximately 65% and 67% of our consolidated revenue in the first quarter of 2011 and 2010, respectively. The table below provides summary financial information for National Transportation for the three months ended March 31:

(in millions)	2011	2010	Percent Change
Operating revenue	\$730.0	\$663.1	10.1%
Operating loss	(51.3)	(185.1)	72.3%
Operating ratio ^(a)	107.0%	127.9%	(20.9)pp ^(b)

(a) Operating ratio is calculated as (i) 100 percent plus (ii) the result of dividing operating loss by operating revenue and expressed as a percentage.

(b) Percentage points.

Three months ended March 31, 2011 compared to three months ended March 31, 2010

National Transportation reported operating revenue of \$730.0 million in the first quarter of 2011, an increase of \$66.9 million or 10.1% compared to the first quarter of 2010. The two primary components of operating revenue are volume, comprised of the number of shipments and weight per shipment, and price or yield, usually evaluated on a per hundredweight basis. The increase in operating revenue was largely driven by a 7.9% increase in total picked-up tonnage per day and a 1.8% increase in revenue per hundredweight resulting mostly from higher fuel surcharge revenue, which was driven by higher diesel prices in 2011 as compared to the same period in 2010 as well as a more disciplined industry pricing market. The increase in picked-up tonnage per day was primarily due to a 6.3% increase in total shipments per day and a 1.5% increase in weight per shipment. Our volume increases are primarily attributed to a moderately improving economic environment.

Operating loss for National Transportation was \$51.3 million in the first quarter of 2011 compared to operating loss of \$185.1 million in the comparable prior year period. Revenue in the first quarter of 2011 was higher by \$66.9 million while total costs, excluding losses on property disposals and impairment charges, decreased by \$59.1 million. The cost declines consisted primarily of lower salaries, wages and employees' benefits (including equity based compensation (benefit) expense) of \$65.9 million or 14.1% and lower other operating expenses of \$5.9 million or 8.0% offset by higher operating expenses and supplies of \$2.9 million or 1.4% and higher purchased transportation costs of \$9.8 million or 10.7%.

The decrease in salaries, wages and employees' benefits (excluding workers' compensation expense and including equity based compensation (benefit) expense) of \$73.4 million during the first quarter of 2011 is primarily the result of an equity based compensation expense of \$83.1 million in the first quarter of 2010. The charges related to equity based consideration awarded in the first quarter of 2010 in relation to union wage and benefit reductions implemented in 2009. No corresponding charge existed in the first quarter of 2011. Offsetting the reduction of the equity based compensation expense was an \$8.4 million increase in benefits during the first quarter of 2011 compared to the comparable prior year period resulting from higher costs associated with the contractual health and welfare benefit increase realized in August 2010, increased state unemployment taxes, and a \$1.8 million increase in non-union pension expense resulting from the impact of lower interest rates and incurred plan losses during the prior year. Workers' compensation expense (included in salaries, wages and benefits in the statement of operations) increased \$7.5 million or 24.7% which is reflective of unfavorable development of prior years self-insured claims which occurred during or were open and unsettled at the 2009 integration of the Yellow and Roadway network operations.

Operating expenses and supplies were higher due mostly to increases in fuel costs associated with higher diesel prices and greater volumes in the first quarter of 2011 compared to the same period in 2010. Operating expenses and supplies were also impacted by a decrease in bad debt expense of \$1.1 million in the first quarter of 2011 compared to the comparable prior year period reflective of improvements in our revenue management processes and fewer bankruptcies in our customer base.

The increase in purchased transportation during the first quarter of 2011 versus the comparable prior year period resulted primarily from greater volumes and increased fuel costs associated with higher diesel prices in the first quarter of 2011 compared to the same period of 2010. Rail costs increased 46.3% due to greater volume and fuel surcharges compared to the prior year period while other purchased transportation costs decreased 14.9%.

Other operating expenses were lower mostly due to a general liability claims expense decrease of \$5.4 million or 39.0% related to a more favorable development of claims in 2011 compared to the first quarter of 2010 and lower cargo claims expense of \$0.9 million or 9.4% due to favorable development of claims and a lower rate for claims in the current year.

[Table of Contents](#)

The first quarter of 2010 included an impairment charge of \$3.3 million related to a reduction in the fair value of the Reimer trade name, primarily due to a decline in future revenue assumptions. Losses on property disposals were \$0.5 million in the first quarter of 2011 compared to \$4.9 million in the first quarter of 2010.

Regional Transportation Results

Regional Transportation represented approximately 33% and 31% of our consolidated revenue in the first quarter of 2011 and 2010, respectively. The table below provides summary financial information for YRC Regional Transportation for the three months ended March 31:

<u>(in millions)</u>	<u>2011</u>	<u>2010</u>	<u>Percent Change</u>
Operating revenue	\$366.1	\$309.2	18.4%
Operating loss	(1.2)	(39.6)	97.0%
Operating ratio ^(a)	100.3%	112.8%	(12.5)pp ^(b)

(a) Operating ratio is calculated as (i) 100 percent plus (ii) the result of dividing operating loss by operating revenue and expressed as a percentage.

(b) Percentage points.

Three months ended March 31, 2011 compared to three months ended March 31, 2010

Regional Transportation reported operating revenue of \$366.1 million for the first quarter of 2011, representing an increase of \$56.9 million, or 18.4% from the first quarter of 2010. Total weight per day was up 16.2%, representing a 9.8% increase in total shipments per day and a 5.8% higher total weight per shipment compared to 2010. Our volume increases are primarily attributed to a moderately improving economic environment. A meaningful portion of our regional footprint is concentrated in the Upper Midwest where the recovery in the manufacturing sector has provided particular strong growth.

Total revenue per hundredweight increased 1.8% in the first quarter of 2011 as compared to the first quarter of 2010, due to higher fuel surcharge revenue associated with higher diesel fuel prices and a more disciplined industry pricing market partially offset by the impact of a slightly higher mix of contractual business which generally has a lower yield.

Operating loss for Regional Transportation was \$1.2 million for the first quarter of 2011, an improvement of \$38.4 million from the first quarter of 2010, consisting of a \$56.9 million increase in revenue partially offset by an \$18.5 million increase in operating expenses. Material expense increases were in operating expenses and supplies of \$19.1 million or 25.3%, purchased transportation of \$3.7 million or 27.2% and other operating expenses of \$8.1 million or 58.5%, all partially offset by a decrease in salaries, wages and employees' benefits (including equity based compensation (benefit) expense) of \$2.3 million or 1.0%.

Salaries, wages and employees' benefits expense (excluding workers' compensation and including equity based compensation (benefit) expense) decreased \$2.3 million or 1.0% as the first quarter of 2010 included an equity based compensation expense of \$24.4 million. The charge related to equity based consideration provided to union employees in relation to wage and benefit reductions implemented in 2009. No corresponding charge existed in 2011. Absent the equity based charge, salaries, wages and benefits expense increased \$22.1 million or 11.1% due to higher shipment related wages in the current year as we reacted to greater volumes.

Operating expenses and supplies increased 25.3% reflecting a 48.7% increase in fuel costs (due to higher fuel prices and volumes) and a 5.0% increase in costs other than fuel. Costs were higher in the areas of equipment maintenance, facility maintenance, travel, driver expenses, tolls and bad debt expense as a result of higher business volumes. Purchased transportation was 27.2% higher due mostly to greater business volumes and the impact of higher fuel prices. Other operating expenses were 58.5% higher, mainly due to a higher provision for general liability claims due to unfavorable claim development factors as well as increased volume. Additionally, fuel taxes and cargo claims costs were higher primarily due to increased business volumes.

Gains on property disposals were \$3.4 million in the first quarter of 2011 compared to a loss of \$3.7 million in the first quarter of 2010. The first quarter of 2010 operating loss included an impairment charge of \$2.0 million related to a reduction in fair value of the New Penn trade name, primarily due to a decline in future revenue assumptions.

[Table of Contents](#)

Truckload Results

Truckload represented approximately 2% of our consolidated revenue in the first quarter of 2011 and 2010. The table below provides summary financial information for our Truckload segment for the three months ended March 31:

(in millions)	2011	2010	Percent Change
Operating revenue	\$ 25.2	\$ 26.9	(6.2)%
Operating loss	(3.9)	(3.1)	(25.8)%
Operating ratio ^(a)	115.3%	111.4%	3.9pp ^(b)

(a) Operating ratio is calculated as (i) 100 percent plus (ii) the result of dividing operating loss by operating revenue and expressed as a percentage.

(b) Percentage points.

Three months ended March 31, 2011 compared to three months ended March 31, 2010

Truckload reported operating revenue of \$25.2 million for the first quarter of 2011, representing a decrease of \$1.7 million or 6.2% from the first quarter of 2010. 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 down 18.9% in the first quarter of 2011 as compared to 2010 due primarily to reduced use of Truckload services by our National Transportation group as they restructured to accommodate certain line haul miles internally. Revenue per mile was up 9.6%, due primarily to higher fuel surcharge revenue associated with higher diesel fuel prices.

Operating loss for Truckload was \$3.9 million for the first quarter of 2011, as compared to an operating loss of \$3.1 million for the first quarter of 2010, consisting of a \$1.7 million decrease in revenue offset by a \$0.9 million decrease in operating expenses. Expense increases were primarily in the areas of fuel costs (higher diesel prices) and a higher provision for general liability claims due to unfavorable claims development. Expense decreases were primarily related to lower salaries, wages and related benefits costs as a result of lower employee levels and lower shipping volumes.

Certain Non-GAAP financial measures

Our adjusted EBITDA improved from (\$38.9) million for the three months ended March 31, 2010 to (\$3.4) million for the same period in 2011. We have included the reconciliation of consolidated adjusted EBITDA below and provided the adjusted EBITDA amounts by segment.

Adjusted EBITDA is a non-GAAP measure that reflects the company's earnings before interest, taxes, depreciation, and amortization expense, and further adjusted for letter of credit fees, equity-based compensation expense, net gains or losses on property disposals and certain other items, including restructuring professional fees and results of permitted dispositions and discontinued operations as defined in the company's credit agreement. Adjusted EBITDA, adjusted EBITDA, excluding insurance charges and adjusted operating loss are used for internal management purposes as a financial measure that reflects the company's core operating performance. In addition, management uses adjusted EBITDA to measure compliance with financial covenants in the company's credit agreement. However, these financial measures should not be construed as a better measurement than operating income, operating cash flow or earnings per share, as defined by generally accepted accounting principles.

Adjusted EBITDA has the following limitations:

- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to fund restructuring professional fees, service interest or principal payments on our outstanding debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements;
- Equity based compensation is an element of our long-term incentive compensation package, although adjusted EBITDA excludes it as an expense when presenting our ongoing operating performance for a particular period; and
- Other companies in our industry may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA as a secondary measure.

Table of Contents

Our consolidated adjusted operating ratio of 104.6% for the three months ended March 31, 2011 improved 4.6 percentage points compared to the same period in 2010.

The reconciliation of operating loss to Adjusted EBITDA, including adjusted operating ratio, for the three months ended March 31 is as follows:

<u>(in millions)</u>	<u>2011</u>	<u>2010</u>
Operating revenue	\$1,122.9	\$ 987.1
Adjusted operating ratio ^(a)	104.6%	109.2%
Reconciliation of operating loss to adjusted EBITDA:		
Operating loss	\$ (68.0)	\$(233.2)
(Gains) losses on property disposals, net	(3.0)	8.8
Impairment charges	—	5.3
Union equity awards	—	108.0
Letter of credit expense	8.1	8.4
Restructuring professional fees ^(b)	8.5	12.1
Permitted dispositions and other	2.2	—
Adjusted operating loss	(52.2)	(90.6)
Depreciation & amortization	49.3	50.6
Other Equity based compensation (benefit) expense	(1.0)	1.9
Other nonoperating, net	0.5	(0.8)
Adjusted EBITDA	<u>\$ (3.4)</u>	<u>\$ (38.9)</u>

- (a) Adjusted operating ratio, is calculated as (i) 100 percent (ii) plus the result of dividing adjusted operating loss by operating revenue and expressed as a percentage.
- (b) Adjusted EBITDA is presented inclusive of the add-back of all restructuring professional fees for all periods presented, without regard to the terms of the Credit Agreement in effect for the respective periods. As previously reported, for the first quarter of 2011, the company and its lenders have eliminated the Adjusted EBITDA covenant and are in discussions to establish new covenants in connection with the completion of the restructuring of the company's balance sheet. Had the company followed the definition of Adjusted EBITDA that was in place within the Credit Agreement prior to elimination of the covenant, (i) the portion of restructuring professional fees that would be added back in determining Adjusted EBITDA for the first quarter of 2011 would have been limited by approximately \$6.9 million and (ii) no restructuring professional fees would have been added back in determining Adjusted EBITDA for the first quarter of 2010.

The first quarter 2011 monthly reconciliation of operating loss to adjusted EBITDA is as follows:

<u>(in millions)</u>	<u>January 2011</u>	<u>February 2011</u>	<u>March 2011</u>
Operating loss	\$ (23.3)	\$ (21.1)	\$ (23.6)
(Gains) losses on property disposals, net	(4.3)	0.1	1.2
Letter of credit expense	2.8	2.5	2.8
Restructuring professional fees ^(a)	2.9	2.2	3.4
Permitted dispositions and other ^(b)	—	—	2.2
Adjusted operating loss	(21.9)	(16.3)	(14.0)
Depreciation and amortization	15.4	15.2	18.7
Equity based compensation expense	0.2	(1.4)	0.1
Other nonoperating, net	0.3	(0.4)	0.7
Adjusted EBITDA	(6.0)	(2.9)	5.5
Insurance charges ^(b)	—	—	14.7
Adjusted EBITDA, excluding insurance charges	<u>\$ (6.0)</u>	<u>\$ (2.9)</u>	<u>20.2</u>

- (a) Adjusted EBITDA is presented inclusive of the add-back of all restructuring professional fees for all periods presented, without regard to the terms of the Credit Agreement in effect for the respective periods. As previously reported, for the first quarter of 2011, the company and its lenders have eliminated the Adjusted EBITDA covenant and are in discussions to establish new covenants in connection with the completion of the restructuring of the company's balance sheet. Had the company followed the definition of Adjusted EBITDA that was in place within the Credit Agreement prior to elimination of the covenant, (i) the portion of restructuring professional fees that would be added back in determining Adjusted EBITDA for the first quarter of 2011 would have been limited by approximately \$6.9 million and (ii) no restructuring professional fees would have been added back in determining Adjusted EBITDA for the first quarter of 2010.
- (b) Insurance charges exclude approximately \$2.7 million of insurance charges related to our permitted dispositions under the Credit Agreement. Total insurance charges of approximately \$17.4 million are included in our operating loss.

Table of Contents

The following represents Adjusted EBITDA by segment for the three months ended March 31:

<u>(in millions)</u>	<u>2011</u>	<u>2010</u>
Adjusted EBITDA by segment:		
YRC National Transportation	\$(16.0)	\$(50.7)
Regional Transportation	12.2	10.8
Truckload	(1.6)	(0.1)
Corporate and other	2.0	1.1
Adjusted EBITDA	<u>\$ (3.4)</u>	<u>\$(38.9)</u>

The reconciliation of operating loss, by segment, to adjusted EBITDA, including adjusted operating ratio, for the three months ended March 31 is as follows:

<u>YRC National segment</u> <u>(in millions)</u>	<u>2011</u>	<u>2010</u>
Operating revenue	\$730.0	\$ 663.1
Adjusted operating ratio ^(a)	106.1%	111.7%
Reconciliation of operating loss to adjusted EBITDA:		
Operating loss	\$ (51.3)	\$(185.1)
(Gains) losses on property disposals, net	0.5	5.0
Impairment charges	—	3.3
Union equity awards	—	83.1
Letter of credit expense	6.4	6.5
Restructuring professional fees ^(b)	—	9.5
Adjusted operating loss	(44.4)	(77.7)
Depreciation and amortization	27.4	27.0
Other nonoperating expenses (income), net	1.0	—
Adjusted EBITDA	<u>\$ (16.0)</u>	<u>\$ (50.7)</u>

- (a) Adjusted operating ratio, is calculated as (i) 100 percent (ii) plus the result of dividing adjusted operating loss by operating revenue and expressed as a percentage.
- (b) Adjusted EBITDA is presented inclusive of the add-back of all restructuring professional fees for all periods presented, without regard to the terms of the Credit Agreement in effect for the respective periods. As previously reported, for the first quarter of 2011, the company and its lenders have eliminated the Adjusted EBITDA covenant and are in discussions to establish new covenants in connection with the completion of the restructuring of the company's balance sheet. Had the company followed the definition of Adjusted EBITDA that was in place within the Credit Agreement prior to elimination of the covenant, (i) the portion of restructuring professional fees that would be added back in determining Adjusted EBITDA for the first quarter of 2011 would have been limited by approximately \$6.9 million and (ii) no restructuring professional fees would have been added back in determining Adjusted EBITDA for the first quarter of 2010.

<u>Regional segment</u> <u>(in millions)</u>	<u>2011</u>	<u>2010</u>
Operating revenue	\$366.1	\$309.2
Adjusted operating ratio ^(a)	100.8%	101.7%
Reconciliation of operating loss to adjusted EBITDA:		
Operating loss	\$ (1.2)	\$(39.6)
(Gains) losses on property disposals, net	(3.4)	3.6
Impairment charges	—	2.0
Union equity awards	—	24.4
Letter of credit expense	1.6	1.7
Restructuring professional fees ^(b)	—	2.5
Adjusted operating loss	(3.0)	(5.4)
Depreciation and amortization	15.2	16.2
Other nonoperating expenses (income), net	—	—
Adjusted EBITDA	<u>\$ 12.2</u>	<u>\$ 10.8</u>

- (a) Adjusted operating ratio, is calculated as (i) 100 percent (ii) plus the result of dividing adjusted operating loss by operating revenue and expressed as a percentage.
- (b) Adjusted EBITDA is presented inclusive of the add-back of all restructuring professional fees for all periods presented, without regard to the terms of the Credit Agreement in effect for the respective periods. As previously reported, for the first quarter of 2011, the company and its lenders have eliminated the Adjusted EBITDA covenant and are in discussions to establish new covenants in connection with the completion of the restructuring of the company's balance sheet. Had the company followed the definition of Adjusted EBITDA that was in place within the Credit Agreement prior to elimination of the covenant, (i) the portion of restructuring professional fees that would be added back in determining Adjusted EBITDA for the first quarter of 2011 would have been limited by approximately \$6.9 million and (ii) no restructuring professional fees would have been added back in determining Adjusted EBITDA for the first quarter of 2010.

Table of Contents

Truckload segment (in millions)	2011	2010
Operating revenue	\$ 25.2	\$ 26.9
Adjusted Operating ratio ^(a)	114.9%	108.6%
Reconciliation of operating loss to adjusted EBITDA:		
Operating loss	\$ (3.9)	\$ (3.1)
(Gains) losses on property disposals, net	—	—
Union equity awards	—	0.5
Letter of credit expense	0.1	0.1
Restructuring professional fees ^(b)	—	0.1
Adjusted operating loss	(3.8)	(2.4)
Depreciation and amortization	2.2	2.3
Other nonoperating expenses (income), net	—	—
Adjusted EBITDA	\$ (1.6)	\$ (0.1)

- (a) Adjusted operating ratio, is calculated as (i) 100 percent (ii) plus the result of dividing adjusted operating loss by operating revenue and expressed as a percentage.
- (b) Adjusted EBITDA is presented inclusive of the add-back of all restructuring professional fees for all periods presented, without regard to the terms of the Credit Agreement in effect for the respective periods. As previously reported, for the first quarter of 2011, the company and its lenders have eliminated the Adjusted EBITDA covenant and are in discussions to establish new covenants in connection with the completion of the restructuring of the company's balance sheet. Had the company followed the definition of Adjusted EBITDA that was in place within the Credit Agreement prior to elimination of the covenant, (i) the portion of restructuring professional fees that would be added back in determining Adjusted EBITDA for the first quarter of 2011 would have been limited by approximately \$6.9 million and (ii) no restructuring professional fees would have been added back in determining Adjusted EBITDA for the first quarter of 2010.

Corporate and other segment (in millions)	2011	2010
Reconciliation of operating loss to adjusted EBITDA:		
Operating loss	\$(11.6)	\$(5.4)
(Gains) losses on property disposals, net	—	0.1
Letter of credit expense	—	0.1
Restructuring professional fees ^(a)	8.5	—
Permitted dispositions and other	2.2	—
Adjusted operating loss	(0.9)	(5.2)
Depreciation and amortization	4.5	5.2
Other Equity based compensation expense	(1.1)	1.9
Other nonoperating expenses (income), net	(0.5)	(0.8)
Adjusted EBITDA	\$ 2.0	\$ 1.1

- (a) Adjusted EBITDA is presented inclusive of the add-back of all restructuring professional fees for all periods presented, without regard to the terms of the Credit Agreement in effect for the respective periods. As previously reported, for the first quarter of 2011, the company and its lenders have eliminated the Adjusted EBITDA covenant and are in discussions to establish new covenants in connection with the completion of the restructuring of the company's balance sheet. Had the company followed the definition of Adjusted EBITDA that was in place within the Credit Agreement prior to elimination of the covenant, (i) the portion of restructuring professional fees that would be added back in determining Adjusted EBITDA for the first quarter of 2011 would have been limited by approximately \$6.9 million and (ii) no restructuring professional fees would have been added back in determining Adjusted EBITDA for the first quarter of 2010.

[Table of Contents](#)

Financial Condition

Liquidity

The following table provides details of the outstanding components and unused available capacity under the Credit Agreement and ABS Facility (each, as defined below) at March 31, 2011 and December 31, 2010:

<u>(in millions)</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Capacity:		
Revolving loan	\$ 706.4	\$ 713.7
ABS Facility	325.0	325.0
Total capacity	<u>1,031.4</u>	<u>1,038.7</u>
Amounts outstanding:		
Revolving loan	(176.0)	(142.9)
Letters of credit (3/31/11: \$457.0 revolver; \$64.7 ABS Facility)	(521.7)	(515.7)
ABS Facility borrowings	(147.2)	(122.8)
Total outstanding	<u>(844.9)</u>	<u>(781.4)</u>
ABS borrowing base restrictions	(107.5)	(135.7)
Restricted revolver reserves	(70.9)	(70.9)
Total restricted capacity	<u>(178.4)</u>	<u>(206.6)</u>
Unrestricted unused capacity (3/31/11: \$2.5 revolver; \$5.6 ABS Facility)	<u>\$ 8.1</u>	<u>\$ 50.7</u>

During April 2011, net availability on our revolver increased by \$0.2 million as a result of asset sales, and unused available capacity at April 30, 2011 is \$2.7 million. Additionally, the ABS Facility borrowing base has increased by \$11.5 million during April, we have drawn down and utilized letters of credit of \$17 million and as of April 30, 2011 our unrestricted unused available capacity is \$0.1 million.

Comprehensive Recovery Plan

As a part of our comprehensive recovery plan, we have executed on a number of significant initiatives during 2010 and 2011 to improve liquidity, which are described more fully in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Liquidity” in our Annual Report on Form 10-K for the year ended December 31, 2010.

Certain of these actions in 2011 are further described below. The final execution of our comprehensive recovery plan has a number of risks that are not within our control that may adversely impact our liquidity and compliance with the financial covenants in our credit facilities. Notwithstanding our entering into the Lender Support Agreement and the TNFINC Support Agreement, we anticipate that we will continue to face risks and uncertainties regarding our short and medium-term liquidity. There is no assurance that we will be successful in completing our comprehensive recovery plan. See “Risks and Uncertainties Regarding Future Liquidity” below.

The Restructuring

On February 28, 2011, we, the Teamsters National Freight Industry Negotiating Committee (“TNFINC”) of the International Brotherhood of Teamsters (the “IBT”), the Required Lenders (at least 51% of exposure as defined in the Credit Agreement (as defined below)), the Agent and the Steering Group Majority (as defined below) (collectively, the “Consenting Parties”) reached a non-binding agreement in principle in the form of a term sheet entitled “Summary of Principal Terms of Proposed Restructuring” or “Term Sheet” setting forth the material terms of our proposed restructuring (the “Restructuring”).

“Steering Group” means the informal group of unaffiliated Lenders and Participants (as defined in the Credit Agreement) represented by Akin Gump Strauss Hauer & Feld LLP and Houlihan Lokey Howard & Zukin Capital, Inc.; provided, that the Lenders (as defined below) that make up the Steering Group may change from time to time as and when such changes are identified to us and the Agent.

“Steering Group Majority” means the Lenders of the Steering Group representing more than 50% of the Steering Group’s exposure under the Credit Agreement (including participations).

The Restructuring is intended to improve our balance sheet and our liquidity with which to operate and grow our business and to position us to achieve long-term success for the benefit of our customers, employees, creditors and stockholders. On April 29, 2011,

Table of Contents

we entered into a support agreement (the “Lender Support Agreement”) with certain lenders (the “participating lenders”) holding claims in outstanding borrowings, deferred interest and fees and letters of credit (“credit agreement claims”) under our credit agreement, dated as of August 17, 2007 (as amended, the “Credit Agreement”), among the Company, certain of its subsidiaries, JPMorgan Chase Bank, National Association, as agent (the “Agent”), and the other lenders that are parties thereto (the “Lenders”) pursuant to which such participating lenders have agreed, among other things, to support the Restructuring by tendering their credit agreement claims in the Exchange Offer (as defined below). The Term Sheet was also amended. The participating lenders hold more than 95% of the principal amount of outstanding credit agreement claims.

Under the Lender Support Agreement, among other things, we must use our commercially reasonable efforts to support and complete the Restructuring, negotiate related definitive transaction documents, take certain actions related to the Merger (as described below) and file a registration statement related to the Exchange Offer and related transactions with the SEC.

Pursuant to the Lender Support Agreement, the Restructuring contemplates an exchange offer for certain credit agreement claims and related interdependent transactions that will be simultaneously completed at the closing of the exchange offer. The Restructuring contemplates:

- with respect to credit agreement claims,
 - i. an exchange offer (the “Exchange Offer”), whereby the Lenders under the Credit Agreement would receive in respect of a portion of such claims (a) newly issued Series B Convertible Preferred Stock (the “Series B Preferred Stock”) convertible into approximately 72.5% (subject to dilution as described below) of the restructured Company’s outstanding common stock (the “New Common Stock”) and (b) \$140.0 million in aggregate principal amount of our new 10% Series A Convertible Senior Secured Notes due 2015 that are convertible into additional shares of New Common Stock (the “Restructured Convertible Secured Notes”),
 - ii. the letters of credit facility under the Credit Agreement and outstanding letters of credit would remain in place, and
 - iii. we and our subsidiaries would enter into an amended term loan facility with the Lenders for a portion of remaining borrowing claims under the Credit Agreement not satisfied in (i) above;
- additionally, the Lenders would purchase and we would sell for cash pursuant to subscription rights issued in connection with the Exchange Offer an aggregate principal amount of \$100.0 million of our newly issued 10% Series B Convertible Senior Secured Notes due 2015 (the “New Money Convertible Secured Notes” and together with the Restructured Convertible Secured Notes, the “New Convertible Secured Notes”), the proceeds of which would be retained by us for use in our business;
- the ABS Facility (as defined below) would be refinanced in full with an asset-based lending facility (the “ABL facility”), which is expected to provide additional liquidity through a higher advance rate than the receivable purchase rate under the ABS Facility. As discussed below under “TNFINC Support Agreement,” that agreement requires, among other things, \$350 million in lending capacity and \$80 million of availability under the ABL facility;
- the note securing our deferred multi-employer pension contributions (the “Pension Note”) would be amended to (i) extend the maturity until March 31, 2015, (ii) defer any accrued interest and fees until maturity, (iii) provide for contract rate cash interest payments and (iv) eliminate any mandatory amortization payments (other than in connection with permitted sales of certain collateral);
- in consideration for consent to the Restructuring by TNFINC on behalf of employees represented by the IBT, shares of newly issued Series B Preferred Stock convertible into approximately 25% (subject to dilution as described below) of our New Common Stock would be issued to a trust or a deferred tax qualified plan (the “Plan”) and allocated among certain eligible employees represented by the IBT; and
 - our board of directors would consist of six members nominated by the Steering Group (as defined below), two members nominated by TNFINC and one member that will be the chief executive officer-director (the “New Board”);

The Series B Preferred Stock (and the New Common Stock into which it may be converted) issued in connection with the Exchange Offer to the Lenders and to the Plan would be subject to dilution by a management equity incentive plan to be implemented by the New Board as soon as reasonably practicable after the closing of the Exchange Offer (the “Management Incentive Plan”) and by common stock issued upon conversion of the New Convertible Secured Notes.

Following the closing of the Exchange Offer, we will file a proxy statement with the SEC for the solicitation of votes to approve a merger (the “Merger”) pursuant to which a wholly owned subsidiary of the Company would merge into the Company, with the Company the surviving corporation and having an amended and restated certificate of incorporation permitting the automatic conversion of the Series B Preferred Stock into New Common Stock and providing for sufficient authorized shares of New Common Stock to permit the conversion of the New Convertible Secured Notes into New Common Stock. The Series B Preferred Stock will be permitted to vote on the Merger on an as-converted basis along with the holders of our then outstanding common stock, as a single class. The New Convertible Secured Notes would be permitted to vote on an as-converted basis with our common stock after the Merger is completed.

Table of Contents

Our common stock is listed on NASDAQ and is subject to the NASDAQ listing rules. Absent an exception to the NASDAQ listing rule requiring stockholder approval prior to the issuance of our Series B Preferred Stock and New Convertible Secured Notes, our common stock will be subject to delisting if we consummate the Exchange Offer. We intend to apply to NASDAQ for a waiver of the stockholder approval rule under the financial viability exception.

In the event the Exchange Offer and related interdependent transactions as contemplated by the Lender Support Agreement are completed, we anticipate that our current stockholders will hold approximately 2.5% of the restructured Company's outstanding common stock as of the closing of the Exchange Offer, subject to further dilution by the Management Incentive Plan and the New Convertible Secured Notes.

Obligations of Company and Participating Lenders to Complete the Exchange Offer

The obligations of the Company and the participating lenders to consummate the Exchange Offer are conditioned upon the following to occur:

- the registration statement for the Exchange Offer and related transactions shall have been declared effective by the SEC and shall remain effective, and on or before the closing of the Exchange Offer, we shall have made public any then material nonpublic information theretofore disclosed by us or our representatives to the participating lenders who had agreed to receive private information from us;
- the initial funding under the ABL facility shall have occurred (or shall occur substantially concurrently with completion of the Exchange Offer) and be in form and substance acceptable to the Agent, the Steering Group Majority and the Company, each in their sole discretion;
- the offering of the New Money Convertible Secured Notes, with aggregate net proceeds to us of not less than \$100.0 million, shall have closed (or will close simultaneously with completion of the Exchange Offer);
- each of the approved definitive transaction documents, which by their terms are to be effective at or prior to completion of the Exchange Offer, shall have become effective and be in full force and effect;
- certain agreements related to multi-employer pension funds shall be in full force and effect;
- the Plan, in form and substance acceptable to us, the Agent and the Steering Group Majority, shall have been established by the us and be in full force and effect;
- the New Board, other than the IBT director designees, shall have been elected or designated by the existing members of the board of directors as "continuing directors" (provided that the director candidates were selected by the Agent and Steering Group Majority at least ten (10) days prior to the closing of the exchange offer) and a new chief executive officer and chief financial officer shall have commenced employment with us, in each case unless otherwise waived by the Agent and Steering Group Majority; and
- 100% of the participating lenders shall have agreed to the Exchange Offer and validly and timely tendered, delivered and not withdrawn their tender into the Exchange Offer and not changed, revoked or withdrawn such agreement or tender.

Termination of Lender Support Agreement

The Lender Support Agreement will terminate under certain circumstances, including, but not limited to (each, a "support termination event"):

- by the mutual written consent of the Company and 66 2/3% of the aggregate amount of outstanding credit agreement claims of the participating lenders;
- at 5:00 p.m. prevailing Eastern Time on July 22, 2011, as to each participating lender who has not agreed to extend such date;
- upon the occurrence of any of the following, unless waived or extended by the Agent and the Steering Group Majority:
 - at 5:00 p.m. prevailing Eastern Time on May 17, 2011 if we have not filed with the SEC one or more registration statements and/or other appropriate documents for the Exchange Offer;
 - at 5:00 p.m. prevailing Eastern Time on June 15, 2011 if we have not delivered to the Agent and the Steering Group Majority binding commitments with respect to the ABL facility in an aggregate amount not less than \$300 million in form and substance acceptable to us, the Agent and the Steering Group Majority;
 - at 5:00 p.m. prevailing Eastern Time on June 22, 2011 unless we have commenced the Exchange Offer (the "solicitation commencement date"); or
 - if the Exchange Offer has not been consummated within 15 business days after the solicitation commencement date.
- certain events of bankruptcy or dissolution including an involuntary proceeding against us;
- three (3) business days after we furnish the participating lenders with written notice of our intent, in the exercise of our fiduciary duties and based, at least in part, upon the advice of our outside legal counsel to our board of directors, to take any

Table of Contents

action that is prohibited under the Lender Support Agreement or to refrain from taking any action that is required under the Lender Support Agreement,

- certain events of non-cured material breach by the parties;
- a default or event of default under the Credit Agreement that is not waived or cured as provided in the Credit Agreement;
- IBT terminating, or threatening in writing to terminate, its memorandum of understanding with respect to the restructuring plan or upon the occurrence of any termination event under TNFINC Support Agreement (as defined below);
- upon the occurrence of a material adverse effect (as defined in the Lender Support Agreement); and
- on June 30, 2011, unless certain agreements relating to contributions to our multi-employer pension funds are reached in writing, or any such agreement is terminated, amended or modified in a manner adverse to us or the participating lenders, or otherwise ceases to be in full force and effect.

A support termination event may be waived only upon the written approval of 75% of the aggregate amount of outstanding credit agreement claims of the participating lenders.

Amendment

Approved definitive transactional documents may be amended, modified or supplemented to the extent that such amendments are not materially inconsistent with the Term Sheet with the written approval of (i) us, (ii) the Agent and (iii) the Steering Group Majority; provided that such amendment, modification or other supplement does not impose less favorable treatment of any participating lender's credit agreement claims, or any group of participating lenders' credit agreement claims, or its rights and obligations under the Lender Support Agreement and under the approved definitive transaction documents compared to those of the participating lenders generally, without such participating lender's, or such group of participating lenders', express written consent.

The Lender Support Agreement may be amended (to the extent such amendment is consistent with the approved definitive transaction documents) only upon the written approval of (i) us and (ii) 75% of the aggregate amount of outstanding credit agreement claims of the participating lenders. Any other amendment to the Lender Support Agreement will require the written approval of (x) us and (y) each participating lender.

TNFINC Support Agreement

On April 29, 2011, we also entered into a support agreement (the "TNFINC Support Agreement") with TNFINC pursuant to which TNFINC has agreed, among other things, to support the Restructuring. The conditions to TNFINC's obligations under the TNFINC Support Agreement are substantially similar to those under the Lender Support Agreement except that, with respect to the ABL facility, the TNFINC Support Agreement requires, among other things, \$350 million in lending capacity and \$80 million of availability under the ABL facility.

The TNFINC Support Agreement will terminate under certain circumstances, including, but not limited to (i) upon the occurrence of a material adverse effect; (ii) certain events of bankruptcy or dissolution including an involuntary proceeding against us; or (iii) on June 1, 2011, unless certain agreements relating to contributions to our multi-employer pension funds are reached in writing, or any such agreement is terminated, amended or modified in a manner adverse to us or the participating lenders, or otherwise ceases to be in full force and effect.

CREDIT FACILITIES

We have two primary liquidity vehicles:

- the Credit Agreement, and
- an asset-based securitization facility (as amended, the "ABS Facility"), whereby we receive financing through the sale of certain of our accounts receivable.

The Credit Agreement and the ABS Facility are collectively referred to herein as the "credit facilities".

Credit Agreement

On February 28, 2011 and April 29, 2011, the Company entered into amendments to the Credit Agreement relating to, among other things, the Restructuring.

Credit Agreement Amendment No. 20

On February 28, 2011, we and certain of our subsidiaries entered into Amendment No. 20 ("Credit Agreement Amendment 20") to the Credit Agreement.

[Table of Contents](#)

Milestones

Pursuant to the terms of Credit Agreement Amendment 20, the Required Lenders (at least 51% of exposure as defined in the Credit Agreement), the Agent and the Steering Group Majority acknowledged that the Term Sheet satisfied setting forth the material terms of our restructuring (the “AIP Condition”).

In addition, Credit Agreement Amendment 20 amended certain milestones and added a milestone that are conditions to the Company continuing to defer revolver and term loan interest, letters of credit fees and commitment fees as follows:

- Credit Agreement Amendment 20 extended the deadline for each document required to effectuate the restructuring of the Company and its subsidiaries contemplated by the AIP to be in final form and acceptable to the Consenting Parties (the “Documentation Condition”) from March 15, 2011 to April 29, 2011 (or such later date approved by the Supermajority Lenders (as defined in the Credit Agreement) but not later than December 31, 2011). Credit Agreement Amendment 20 also amended the Documentation Condition to add the following additional requirements (i) lenders representing at least 90% of exposure (as defined in the Credit Agreement) must sign an agreement supporting the Restructuring, (ii) subject to satisfaction of the Closing Condition (as defined below), TNFINC must consent to the Restructuring and waive any termination, modification similar rights under the Restructuring Plan (as defined below) such that the Restructuring Plan shall be fully binding on the parties thereto, (iii) subject to satisfaction of the Closing Condition, the Specified Pension Fund Deferral Transaction Documents (as defined in the Credit Agreement) must be amended to reflect the terms of the Restructuring and (iv) subject to satisfaction of the Closing Condition and to the extent deemed reasonably necessary, the ABS Facility (as defined below) must be amended to reflect the terms of the Restructuring. The Documentation Condition was satisfied on April 29, 2011 pursuant to Credit Agreement Amendment No 21 (as defined below).
- Credit Agreement Amendment 20 extended the deadline for the Restructuring to be effectuated and closed (the “Closing Condition”) from May 13, 2011 to July 22, 2011 (or such later date approved by the Supermajority Lenders but not later than December 31, 2011); provided, that the Closing Condition deadline will be May 31, 2011 if the Pension Fund Amendment Condition is not satisfied on or before that date (the “Restructuring Closing Date”). “Pension Fund Amendment Condition” means that the Specified Pension Fund Deferral Transaction Documents have been amended to extend the deferral of interest and amortization payments from May 31, 2011 to July 22, 2011, subject to earlier termination if the Documentation Condition or the Closing Condition is not satisfied by the applicable required date. The Pension Fund Amendment Condition was satisfied on April 29, 2011 pursuant to CDA Amendment No. 10 (as defined below).
- Credit Agreement Amendment 20 added a milestone which required the Company to obtain, by March 10, 2011, the nonbinding agreement (on terms and conditions acceptable to Company, the Agent, the Steering Group Majority and TNFINC) of the Majority Funds (at least a majority of exposure as defined in the Contribution Deferral Agreement) to the terms of the Term Sheet (subject to the conditions included in the Term Sheet as applied to the Funds (the “Pension Fund Condition”). Because the Pension Fund Condition was not satisfied by the applicable required date, the Required Lenders may declare an event of default under the Credit Agreement. As a result of the Milestone Failure, we have classified our debt under the Credit Agreement as current maturities of long-term debt. We have also classified the 6% Notes and pension contribution deferral obligations as current maturities of long-term debt due to cross-default provisions within the respective lending agreements. See Part II. Item 1A – Risk Factors in this report for additional information.

If the Closing Condition is not satisfied by the applicable required date, then (i) the deferral of interest and fees under the Credit Agreement will end on the fifth day (or if the fifth day is not a business day, the immediately following business day) following such failure and (ii) the Required Lenders may declare an event of default under the Credit Agreement.

Minimum Consolidated EBITDA Covenant

Credit Agreement Amendment 20 removed the minimum Consolidated EBITDA (as defined in the Credit Agreement) covenant in respect of the period ending March 31, 2011 and reset the minimum EBITDA covenant for each fiscal quarter thereafter in an amount to be agreed to by the Company, the Agent and the Required Lenders on or prior to April 29, 2011.

Annual Financial Statements

Credit Agreement Amendment 20 modified the affirmative covenant that requires financial statements of the Company for the fiscal year ended 2010 with an audit opinion that does not include a “going concern” qualification to permit an audit opinion with a “going concern” qualification in connection with such financial statements.

[Table of Contents](#)

Credit Agreement Amendment No. 21

On April 29, 2011, we and certain of our subsidiaries entered into Amendment No. 21 (“Credit Agreement Amendment 21”) to the Credit Agreement. Credit Agreement Amendment 21:

- amended the Documentation Condition so that the Lender Support Agreement, the TNFINC Support Agreement and the CDA Amendment 10 (as defined below) collectively satisfied the Documentation Condition;
- extended the deadline by which the Consolidated EBITDA (as defined in the Credit Agreement) covenant levels must be set by the Company, the Agent and the Required Lenders to July 22, 2011;
- amended the definition of Deferral Suspension Event (as defined in the Credit Agreement) to permit payments to employee benefit pension plans (including multi-employer plans) at the times and in the amounts required by the labor agreement previously reached with the IBT; and
- amended the definition of Deferral Termination Date (as defined in the Credit Agreement) to permit the reimbursement of fees and expenses pursuant to the terms of the Contribution Deferral Agreement, as amended by CDA Amendment 10.

Asset-Backed Securitization Amendment

ABS Amendment No. 22

On February 28, 2011, we, as Performance Guarantor, and the parties to the Third Amended and Restated Receivables Purchase Agreement, dated as of April 18, 2008 (as amended, the “ABS Facility”), entered into Amendment No. 22 to the ABS Facility (“ABS Amendment 22”).

Similar to the Credit Agreement Amendment 20, ABS Amendment 22 removed the minimum Consolidated EBITDA (as defined in the Credit Agreement) covenant in respect of the period ending March 31, 2011 and reset the minimum EBITDA covenant for each fiscal quarter thereafter in an amount to be agreed to by the Company, the Administrative Agent and the Required Co-Agents on or prior to April 29, 2011. The Co-Agents consented to Credit Agreement Amendment 20 and agreed to extend the deferral of interest and fees to the fifth day following July 22, 2011 (or if such fifth day is not a business day, the next succeeding business day) (as such date may be extended pursuant to the definition of Deferred Payment Termination Date below) so long as the Amortization Date (as defined in the ABS Facility) or the Deferred Payment Termination Date does not occur prior to that date. If the ABS Facility is refinanced on or before the deferred interest and fees are due, then YRRFC will not have to pay the deferred interest and fees.

ABS Amendment 22 added the Pension Fund Condition milestone that is described above. Because the Pension Fund Condition was not satisfied by the required date, \$5 million of deferred commitment fees under the ABS Facility that were due after the required date became payable on May 2, 2011. These fees were deferred until the fifth day following July 22, 2011 pursuant to ABS Amendment 23 (as defined below).

The date that deferred interest and fees are due in the event of a Deferral Suspension Event (as defined in the Credit Agreement) was also extended to the earlier of the Amortization Date (as defined in the ABS Facility) or the Deferred Payment Termination Date.

“Required Co-Agents” means the Administrative Agent and the Co-Agents (other than the Falcon Agent) for two of the Banks Groups (as defined in the ABS Facility).

“Deferred Payment Termination Date” means the earliest of the occurrence of (i) the earliest to occur of (a) the fifth day following February 28, 2011 (or if such fifth day is not a business day, the next succeeding business day) (as such date may be extended pursuant to the terms of this definition) unless the AIP Condition (as defined in the Credit Agreement) has been satisfied on or prior to February 28, 2011 (or such extended date), (b) the fifth day following April 29, 2011 (or if such fifth day is not a business day, the next succeeding business day) (as such date may be extended pursuant to the terms of this definition) unless the Documentation Condition has been satisfied in a manner acceptable to the Agents on or prior to April 29, 2011 (or such extended date) and (c) the fifth day following the Restructuring Closing Date (or if such fifth day is not a business day, the next succeeding business day) (or, in the case of each of the foregoing clauses (a), (b) and (c), such later date as may be agreed to by the Required Co-Agents and YRRFC, but in no event to be later than December 31, 2011) and (ii) any Deferral Termination Event (as defined in the Credit Agreement). Pursuant to the terms of the ABS Amendment 22, the Co-Agents have acknowledged that the Term Sheet satisfied the AIP Condition. The Documentation Condition was satisfied on April 29, 2011 pursuant to ABS Amendment 23 (as defined below).

In connection with ABS Amendment 22, a covenant under the ABS Facility was modified to permit an audit opinion with respect to the Company’s financial statements for the fiscal year ended 2010 to contain a going concern qualification.

[Table of Contents](#)

ABS Amendment No. 23

On April 29, 2011, we, as Performance Guarantor, and the parties to the ABS Facility, entered into Amendment No. 23 to the ABS Facility ("ABS Amendment 23").

Similar to Credit Agreement Amendment 21, ABS Amendment 23 extended the deadline by which the Consolidated EBITDA (as defined in the Credit Agreement) covenant levels must be set by the Company and the Required Co-Agents (as defined in the ABS Facility) to July 22, 2011.

In connection with ABS Amendment 23, the Co-Agents consented to Credit Agreement Amendment 21, confirmed that the Documentation Condition (as defined in the Credit Agreement) had been satisfied and agreed to extend the deferral of the \$5 million commitment fee due on May 2, 2011 (as a result of not satisfying the Pension Fund Condition by the required deadline) to the fifth day following July 22, 2011 (or if such fifth day is not a business day, the next succeeding business day); provided that those amounts may become due earlier upon the occurrence of an Amortization Date (as defined in the ABS Facility) or a Deferral Termination Event (as defined in the Credit Agreement). In addition, pursuant to the terms of the ABS Amendment, if a Support Termination Event (as defined in the Lender Support Agreement) occurs under the Lender Support Agreement and any party to the Credit Agreement demands payment of any amount in the nature of fees or interest that have been deferred, suspended or otherwise not paid when due, all deferred interest and fees under the ABS Facility will become due and payable. If the ABS Facility is refinanced on or before the date the deferred interest and commitment fees are due, then we will not have to pay the deferred commitment fees.

Contribution Deferral Agreement

CDA Amendment No 8

On February 28, 2011, YRC Inc., USF Holland Inc., New Penn Motor Express Inc., USF Reddaway Inc. and each of the guarantors party thereto (each a subsidiary of the Company) Wilmington Trust Company, as agent, and Majority Funds (as defined in the Contribution Deferral Agreement) entered into Amendment No. 8 to the Contribution Deferral Agreement ("CDA Amendment 8").

Pursuant to CDA Amendment 8, the Majority Funds (at least a majority of exposure as defined in the Contribution Deferral Agreement) acknowledged that the Term Sheet satisfied the AIP Condition, which acknowledgement was amended to require only the approval of the Consenting Parties to the Term Sheet.

In addition, CDA Amendment 8 amended certain milestones under the Contribution Deferral Agreement that are a condition to the continued deferral of Monthly Amortization Payments and Monthly Interest Payments (each as defined in the Contribution Deferral Agreement). Such amendments resulted in the milestones under the Contribution Deferral Agreement being conformed to the Documentation Condition and the Closing Condition definitions and deadlines in Credit Agreement, as described above, except that (i) the Documentation Condition did not require further documentation in respect of the ABS Facility and (ii) the Majority Funds must agree to any extension of the deadline applicable to the Documentation Condition or the Closing Condition. The Documentation Condition was satisfied on April 29, 2011 pursuant to CDA Amendment 9 (as defined below).

If the Closing Condition is not satisfied by the applicable required date, then the Majority Funds may accelerate the due date of the Monthly Amortization Payments and Monthly Interest Payments at any time on or after the fifth day (or if the fifth day is not a business day, the immediately following business day) following such failure.

CDA Amendment No 9

On April 29, 2011, YRC Inc., USF Holland Inc., New Penn Motor Express Inc., USF Reddaway Inc. and each of the guarantors party thereto (each a subsidiary of the Company), Wilmington Trust Company, as agent, and Majority Funds entered into Amendment No. 9 to the Contribution Deferral Agreement ("CDA Amendment 9").

Pursuant to CDA Amendment 9, the Documentation Condition in connection with the Restructuring was amended so that (i) an amendment to the Contribution Deferral Agreement in respect of the Restructuring, signed by all of the funds party to the Contribution Deferral Agreement, (ii) an agreement to support the Restructuring with respect to the Credit Agreement, signed by at least 90% of the lenders party thereto, and (iii) the TNFINC Support Agreement collectively satisfied the Documentation Condition.

[Table of Contents](#)

CDA Amendment No. 10

On April 29, 2011, YRC Inc., USF Holland Inc., New Penn Motor Express Inc., USF Reddaway Inc. and each of the guarantors party thereto (each a subsidiary of the Company), the pension funds party to the Contribution Deferral Agreement and Wilmington Trust Company, as agent, entered into Amendment No. 10 to the Contribution Deferral Agreement (“CDA Amendment 10”).

As of the date of CDA Amendment 10, the Supermajority Funds (as defined in the Contribution Deferral Agreement) approved the extension of the termination date of the deferral of monthly amortization payments and monthly interest payments to July 22, 2011 (or such later date as may be agreed by the Supermajority Funds), and, with all Funds’ (as defined in the Contribution Deferral Agreement) approval, effective upon satisfaction of the conditions precedent therein, including closing of the Exchange Offer, the Contribution Deferral Agreement, including schedules and exhibits thereto, will be amended and restated to effect changes to certain provisions in connection with the Restructuring.

IBT Agreement

On February 28, 2011, TNFINC, YRC Inc., USF Holland Inc. and New Penn Motor Express Inc. entered into a Certification and Second Amendment to TNFINC Term Sheet (the “Second IBT Amendment”) to extend (i) the Documentation Deadline to April 29, 2011 and (ii) the Closing Deadline to July 22, 2011 (or, in the case of each of the foregoing clauses (i) and (ii), such later date as TNFINC may agree in its sole discretion) (the “Extension Period”). Unless TNFINC otherwise agrees, the Extension Period and the wage, work rule and benefit concessions set forth in the Restructuring Plan will terminate upon the occurrence of the events contained in the Second IBT Amendment. In addition, the extensions would terminate (i) April 29, 2011 in the event that the Company fails to enter into definitive documentation that is acceptable to TNFINC (in its sole discretion), or (ii) July 22, 2011 in the event that the Restructuring is not consummated, unless such dates are extended by TNFINC in its sole discretion at such time.

On April 29, 2011, we entered into the TNFINC Support Agreement, as described above, in which TNFINC acknowledged that the Company had satisfied the Documentation Condition.

6% Notes

The 6% Notes indenture provides that the maximum number of shares of our common stock that can be issued in respect of the 6% Notes upon conversion or with respect to the payment of interest or in connection with the make whole premium or otherwise shall be limited to 8,075,200 shares of common stock for \$70 million in aggregate principal amount of the 6% Notes, subject to certain adjustments. If the limit is reached, no holder is entitled to any other consideration on account of shares not issued. This limitation terminates if the holders of our common stock approve the termination of this limitation. As of May 10, 2011, a maximum of 5,284,781 shares of the Company’s common stock would be available for future issuances in respect of the 6% Notes. Such limitation on the number of shares of common stock issuable in respect of the 6% Notes applies on a pro rata basis to the approximately \$69.4 million in aggregate principal amount of outstanding 6% Notes.

Risks and Uncertainties Regarding 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 facilities, retained proceeds from asset sales, sale/leaseback financing transactions, issuances of our common stock and 6% Notes and an income tax refund from the IRS. In an effort to further manage liquidity, we have also instituted the deferral of principal and interest payments under the Contribution Deferral Agreement, certain interest and fees due under our Credit Agreement and ABS Facility, and we have received the benefit of wage reductions and other concessions from the modified NMFA (including prior modifications to the NMFA) including continued temporary cessation of pension contributions to multi-employer pension funds. Throughout 2010 we reviewed and into 2011 we continue to review the strategic and financing alternatives available to us and retained legal and financial advisors to assist us in this regard.

As described above, on February 28, 2011, we and the other Consenting Parties reached a non-binding agreement in principle in the form of the Term Sheet. On April 29, 2011, we entered into the Lender Support Agreement under which participating lenders holding more than 95% of the principal amount of outstanding credit agreement claims agreed to support the Restructuring as described above under the caption “—The Restructuring.” On April 29, 2011, we also entered into the TNFINC Support Agreement whereby TNFINC agreed to support the Restructuring. The Restructuring is intended to improve our balance sheet and our liquidity with which to operate and grow our business and to position us to achieve long-term success for the benefit of our customers, employees, creditors and stockholders.

A Milestone Failure has occurred because the Pension Fund Condition, which required we obtain, by March 10, 2011, the nonbinding agreement (on terms and conditions acceptable to Company, the Agent, the Steering Group Majority and TNFINC) of the Majority

[Table of Contents](#)

Funds (at least a majority of exposure as defined in the Contribution Deferral Agreement) to the terms of the Term Sheet (subject to the conditions included in the Term Sheet as applied to the Funds) was not satisfied by the required date, and, as a result, the Required Lenders have the right, but not the obligation, to declare an event of default under the Credit Agreement. The Required Lenders have not indicated that they intend to declare an event of default under the Credit Agreement, and we worked with the parties to satisfy the Documentation Condition as of April 29, 2011. Neither the Agent nor the Required Lenders have waived the Milestone Failure. We cannot provide any assurance that the Required Lenders will not declare an event of default under the Credit Agreement. If the Required Lenders declare an event of default under the Credit Agreement, we anticipate that we would seek protection under the Bankruptcy Code. As a result of the Milestone Failure, we have classified our debt under the Credit Agreement as current maturities of long-term debt. We have also classified the 6% Notes and pension contribution deferral obligations as current maturities of long-term debt due to cross-default provisions within the respective lending agreements. See Part II. Item 1A – Risk Factors in this report for additional information.

In addition to the Pension Fund Condition, other significant milestones and conditions for our Restructuring and the continuation of deferrals (through completion of the Restructuring) under the Credit Agreement, ABS Facility and Contribution Deferral Agreement and the continuation of cost savings under our labor agreements include, but are not limited to the Closing Condition, the deadline for the Restructuring to be effectuated and closed by July 22, 2011 (or such later date approved by the Supermajority Lenders, Required Co-Agents, Majority Funds and TNFINC but not later than December 31, 2011). The obligations of the Company and the participating lenders to complete the Restructuring are subject to significant milestones and conditions as set forth above under the caption “The Restructuring—Obligations of Company and Participating Lenders to Complete the Exchange Offer.” The Lender Support Agreement and the TNFINC Support Agreement are subject to termination as described above under “The Restructuring—Termination of the Lender Support Agreement” and “The Restructuring—TNFINC Support Agreement,” respectively.

To continue to have sufficient liquidity to meet our cash flow requirements prior to completion of the Restructuring and through the remainder of 2011:

- we must implement our proposed Restructuring within the milestone conditions as set forth in the Lender Support Agreement, the TNFINC Support Agreement and under our Credit Agreement, ABS Facility, Contribution Deferral Agreement and Second IBT Amendment;
- our operating results, pricing and shipping volumes must continue to improve;
- we must continue to have access to our credit facilities;
- we must continue to defer payment of, in each case through the completion of the Restructuring and thereafter pursuant to the final terms of the Restructuring, as applicable:
 - interest and fees to our lenders under the Credit Agreement
 - interest and facility fees to purchasers of our accounts receivable pursuant to the ABS Facility
 - interest and principal to our pension funds pursuant to the Contribution Deferral Agreement;
- the cost savings under our labor agreements, including wage reductions, temporary cessation of multi-employer pension fund contributions and savings due to work rule changes, must continue;
- the multi-employer pension funds must allow the Company’s subsidiaries to re-enter the plans at the reduced contribution rate pursuant to the terms of the IBT Agreement or enter into alternative arrangements pursuant to the terms of the Lender Support Agreement;
- we must complete real estate sale transactions currently under contract as anticipated; and
- we must continue to implement and realize substantial cost savings measures to match our costs with business levels and to continue to become more efficient.

Some or all of these factors are beyond our control and as such we anticipate that we will continue to face risks and uncertainties regarding our short and medium-term liquidity. We cannot provide you with any assurances that the conditions contained in the definitive agreements supporting the Restructuring will be satisfied or that the Restructuring can be completed in the timeframes required under our various agreements with our stakeholders. We cannot provide you with any assurances that any restructuring can be completed out-of-court or whether we will be required to implement the Restructuring under the supervision of a bankruptcy court, in which event, the Company cannot provide you with any assurances that the terms of any such restructuring will not be substantially and materially different from the Term Sheet or any description of the Restructuring in this Quarterly Report on Form 10-Q or that an effort to implement an in-court restructuring would be successful.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The uncertainty regarding the Company’s ability to generate sufficient cash flows and liquidity to fund operations raises substantial doubt about the Company’s ability to continue as a going concern (which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future). Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. If we are unable to fund our operations through operating cash flows, existing credit facilities,

[Table of Contents](#)

sales of non-strategic assets and business lines and other capital market transactions, we would consider in court and out of court restructuring alternatives.

We expect to continue to monitor our liquidity carefully, work to reduce this uncertainty and address our cash needs through a combination of one or more of the following actions:

- we continue to, and expect to implement further cost actions and efficiency improvements;
- we will continue to aggressively seek additional and return business from customers;
- we will continue to attempt to reduce our collateral requirements related to our insurance programs;
- if appropriate, we may sell additional equity or pursue other capital market transactions;
- we may consider selling non-strategic assets or business lines; and
- we expect to carefully manage receipts and disbursements, including amounts and timing, focusing on reducing days sales outstanding and managing days payables outstanding.

We have substantial debt and, as a result, significant debt service obligations. As of March 31, 2011, we had approximately \$1.1 billion of secured indebtedness outstanding. We are deferring payment of (i) interest and fees to our lenders under the Credit Agreement, (ii) interest and facility fees to purchasers of our accounts receivable pursuant to the ABS Facility, and (iii) interest and principal to the multi-employer pension funds pursuant to the Contribution Deferral Agreement, and we are receiving the benefit of wage reductions and other concessions from the modified NMFA including continued temporary cessation of pension contributions to the multi-employer pension funds. As of March 31, 2011, the amounts deferred under the Credit Agreement, the ABS Facility and the Contribution Deferral Agreement were approximately \$146.3 million, \$20.9 million and \$68.6 million respectively. As of March 31, 2011, the amount of benefit of the wage reductions and other concessions realized under the modified NMFA (including prior modifications to the NMFA) was approximately \$1.1 billion. In the event the conditions and cross-conditions under the Credit Agreement, the ABS Facility, the Contribution Deferral Agreement and the modified NMFA are not satisfied, and the Restructuring is not completed, the amounts deferred and the benefits realized under such agreements could become payable or reimbursable, as applicable. If we do not complete the Restructuring, it is very unlikely we will be able to generate cash sufficient to pay the principal of, interest on and other amounts due in respect of our indebtedness and other obligations when due. In such an event, we would likely be required to reorganize under Chapter 11 or liquidate under Chapter 7 of the Bankruptcy Code.

Additional risks regarding our liquidity in 2011 if our current deferral arrangements are not extended beyond their current expected expiration dates are described in Part I. Item 1A – Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010.

Important Information about the Restructuring

This Quarterly Report on Form 10-Q and the description of the potential restructuring set forth herein do not constitute an offer to sell or buy, nor the solicitation of an offer to sell or buy, any of the securities referred to herein and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering, solicitation or sale would be unlawful. Any offer and sale of the securities referred to herein has not been registered under the Securities Act of 1933, as amended, and, unless so registered, may not be offered or sold in the United States absent an applicable exemption from registration requirements.

Forward-Looking Statements in “Liquidity”

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. Forward-looking statements are indicated by words such as “should,” “could,” “may,” “expect,” “believe,” “estimate” and other similar words. Our actual liquidity may differ from our projected liquidity based on a number of factors, including those listed in “—Risks and Uncertainties regarding Future Liquidity”.

Net Share Settled Contingent Convertible Notes

The balance sheet classification of our net share settled contingent convertible notes between short-term and long-term is dependent upon certain conversion triggers, as defined in the applicable indentures. 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 net share settled contingent convertible notes assigned by Moody’s is lower than B2. At December 31, 2010 and December 31, 2009, the conversion trigger was met, and accordingly, the net share settled 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 \$1.25 per share, our aggregate obligation for full satisfaction of the \$1.9 million par value of contingent convertible notes would require cash payments of a nominal amount.

[Table of Contents](#)

Cash Flow Measurements

We use free cash flow as a measurement to determine the cash flow available to fund strategic capital allocation alternatives and nondiscretionary expenditures including debt service requirements. 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 three months ended March 31:

<u>(in millions)</u>	<u>2011</u>	<u>2010</u>
Net cash provided by (used in) operating activities	\$(46.3)	\$18.3
Acquisition of property and equipment	(10.1)	(3.7)
Proceeds from disposal of property and equipment	11.6	7.6
Free cash flow (deficit)	<u>\$(44.8)</u>	<u>\$22.2</u>

Operating cash flows decreased \$64.6 million during the three months ended March 31, 2011 versus the same period in 2010. The decrease in cash from operations was largely due to the receipt of a \$10.6 million income tax refund in 2011 compared to \$82.4 million received in February 2010. Additionally, an increase in business volumes at the end of the first quarter of 2011 contributed to an increase in accounts receivable and accounts payable from 2010 to 2011 of \$55.4 million and \$19.0 million, respectively. Operating cash flows provided by our discontinued operations were \$2.2 million for the three months ended March 31, 2010 with no comparable amount in 2011.

Net property and equipment additions were \$2.4 million lower in 2011 versus 2010 and reflect our continued focus on managing overall capital expenditures until we have completed the restructuring.

Net cash provided by financing activities was \$58.6 million in 2011 versus \$10.3 million in 2010. During the three months ended March 31, 2011, we increased our net borrowings under our ABS facility by \$24.4 million and our Credit Agreement by \$30.1 million and paid debt issuance costs of \$3.5 million.

[Table of Contents](#)

Contractual Obligations and Other Commercial Commitments

The following tables provide aggregated information regarding our contractual obligations and commercial commitments as of March 31, 2011.

Contractual Cash Obligation

(in millions)	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	After 5 years	
Balance sheet obligations: ^(a)					
ABS borrowings	\$ 156.2	\$ —	\$ —	\$ —	\$ 156.2
Deferred interest and fees for the ABS Facility ^(b)	20.9	—	—	—	20.9
Long-term debt including interest ^(c)	574.1	—	—	—	574.1
Deferred interest and fees for the Credit Agreement	146.3	—	—	—	146.3
Lease financing obligations	42.0	88.2	92.2	180.8	403.2 ^(d)
Pension deferral obligations including interest ^(c)	144.8	—	—	—	144.8
Deferred interest and fees for pension obligations	10.9	—	—	—	10.9
Workers' compensation, property damage and liability claims obligations	146.1	162.2	75.4	165.0	548.7
Off balance sheet obligations:					
Operating leases	60.6	51.5	18.4	17.1	147.6
Capital expenditures	31.4	—	—	—	31.4
Total contractual obligations	\$ 1,333.3	\$ 301.9	\$ 186.0	\$ 362.9	\$ 2,184.1

- (a) Total liabilities for unrecognized tax benefits as of March 31, 2011, were \$44.0 million and are classified on the Company's consolidated balance sheet within "Other Current and Accrued Liabilities".
- (b) The \$20.9 million of deferred interest and fees for the ABS Facility includes \$15.0 million of deferred commitment fees.
- (c) Long-term debt maturities are reflected as current due to the March 10, 2011 Milestone Failure. As a result of this Milestone Failure, the Required Lenders have the right, but not the obligation, to declare an event of default under the Credit Agreement. Accordingly we have classified our debt under the Credit Agreement as current maturities of long-term debt. We have also classified the 6% Notes and the pension contribution deferral obligations as current maturities of long-term debt due to cross-default provisions within the respective lending agreements.
- (d) The \$403.2 million of lease financing obligation payments represent interest payments of \$318.3 million and principal payments of \$84.9 million.

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	1-3 years	3-5 years	After 5 years	
Unused line of credit					
ABS Facility	\$ 5.6	\$ —	\$ —	\$ —	\$ 5.6
Credit Agreement ^(a)	73.4	—	—	—	73.4
Letters of credit	521.7	—	—	—	521.7
Surety bonds	92.9	—	—	—	92.9
Total commercial commitments	\$ 693.6	\$ —	\$ —	\$ —	\$ 693.6

- (a) The unused line of credit for the Credit Agreement excludes the impact of the restricted revolver reserves of \$70.9 million at March 31, 2011.

[Table of Contents](#)

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, 2010.

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 Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our principal executive and financial officers evaluated our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e)) and concluded that our disclosure controls and procedures were effective as of March 31, 2011.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We discuss legal proceedings in the “Commitments, Contingencies and Uncertainties” note to our consolidated financial statements.

Item 1A. Risk Factors

We may not be successful in completing the proposed restructuring or we may be required to implement a restructuring under the supervision of a bankruptcy court.

The Restructuring will be subject to a number of significant conditions, including, among other things, the satisfaction or waiver of the conditions contained in the definitive agreements related to the Restructuring and the lack of unexpected or adverse litigation results. The agreement of the participating lenders and of TNFINC in the Lender Support Agreement and in the TNFINC Support Agreement, respectively, to support the Restructuring is also subject to the satisfaction or waiver of important conditions. We cannot provide you with any assurances that the conditions contained in the definitive agreements related to the Restructuring, the Lender Support Agreement or the TNFINC Support Agreement will be satisfied or waived. The Restructuring is also subject to significant milestone completion conditions, including the Pension Fund Condition and the Closing Condition in our agreements with our stakeholders. The Pension Fund Condition was not satisfied by its required date. As a result, a Milestone Failure has occurred and the Required Lenders have the right, but not the obligation, to declare an event of default under the Credit Agreement. We cannot provide any assurance that the Required Lenders will not declare an event of default under the Credit Agreement. Such a declaration would permit the lenders to terminate their commitments and allow the lenders or Agent to accelerate the repayment of amounts outstanding under the Credit Agreement, including deferred fees and interest. Such a declaration would also cause events of default or termination of our agreements to defer interest and other fees under our ABS Facility and Contribution Deferral Agreement and potentially cause cross default conditions in other debt, lease and other arrangements, as well as give the IBT the right to terminate its concessions under the modified NMFA. If the Required Lenders declare an event of default under the Credit Agreement, we anticipate that we would seek protection under the U.S. Bankruptcy Code. We cannot provide you with any assurances that the Restructuring can be completed out-of-court or whether we will be required to implement a restructuring under the supervision of a bankruptcy court, in which event, we cannot provide you with any assurances that the terms of any such restructuring will not be substantially and materially different from any description in this Quarterly Report on Form 10-Q or that an effort to implement an in-court restructuring would be successful.

See also “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Liquidity” for additional information regarding our liquidity.

Table of Contents

Item 6. Exhibits

- 3.1 Bylaws of the Company, as amended through February 10, 2011 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K, filed on February 11, 2011, File No. 000-12255).
- 10.1 Amendment No. 20 (dated February 28, 2011) to the Credit Agreement (incorporated by reference to Exhibit 10.1.14 to Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 14, 2011, File No. 000-12255).
- 10.2* Amendment No. 21 (dated April 29, 2011) to the Credit Agreement.
- 10.3 Omnibus Amendment No. 22 (dated February 28, 2011) to the ABS Facility (incorporated by reference to Exhibit 10.2.12 to Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 14, 2011, File No. 000-12255).
- 10.4* Amendment No. 23 (dated April 29, 2011) to the ABS Facility.
- 10.5 Certification and Second Amendment (dated February 28, 2011) to the Restructuring Plan Term Sheet (incorporated by reference to Exhibit 10.3.4 to Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 14, 2011, File No. 000-12255).
- 10.6 Consent and Amendment No. 8 (dated February 28, 2011) to Contribution Deferral Agreement (incorporated by reference to Exhibit 10.4.7 to Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 14, 2011, File No. 000-12255).
- 10.7* Amendment No. 9 (dated April 29, 2011) and Amendment No. 10 (dated April 29, 2011) to the Contribution Deferral Agreement.
- 10.8* Separation Agreement and Release dated March 6, 2011, between the Company and Sheila K. Taylor.
- 10.9* Amendment to Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreement dated March 6, 2011, between the Company and Sheila K. Taylor.
- 10.10* Letter Agreement, effective March 28, 2011, between the Company and Phil J. Gaines.
- 10.11* Written Description of Compensatory Arrangement with William L. Trubeck, dated March 7, 2011.
- 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 of William L. Trubeck 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 of 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 of William L. Trubeck 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: May 10, 2011

/s/ William D. Zollars

William D. Zollars

Chairman of the Board of Directors,
President & Chief Executive Officer

Date: May 10, 2011

/s/ William L. Trubeck

William L. Trubeck

Interim Executive Vice President,
Chief Financial Officer & Treasurer

AMENDMENT NO. 21

Dated as of April 29, 2011

to

CREDIT AGREEMENT

Dated as of August 17, 2007

THIS AMENDMENT NO. 21 ("Amendment") is made as of April 29, 2011 by and among YRC Worldwide Inc. (the "Company"), the Canadian 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 therein in the appropriate alphabetical order as follows:

"Amendment No. 21 Effective Date" means April 29, 2011.

"Supporting Lender" means each Lender that delivered a signature page to that certain letter agreement, dated as of April 29, 2011, by and among the Company and the Loan Parties and Lenders having Revolving Credit Exposures, outstanding principal amount of Term Loans and unused Commitments representing at least 90% of the sum of the total Revolving Credit Exposures, the aggregate principal amount of Term Loans and the unused Commitments at such time, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption where a Supporting Lender is the assignor thereunder.

(b) The definition of “Agreed EBITDA Amount” appearing in Section 1.01 of the Credit Agreement is hereby amended to delete the reference to “April 29, 2011” appearing therein and to replace therefor a reference to “July 22, 2011”.

(c) The definition of “Deferral Suspension Event” appearing in Section 1.01 of the Credit Agreement is hereby amended to (x) delete the “and” at the end of clause (ii) set forth in the parenthetical thereof, (y) insert a “; and” at the end of clause (iii) therein and (z) insert a new clause (iv) therein as follows:

(iv) payments to any Plan or Multiemployer Plan at the times and in the amounts required by the IBT MOU

(d) The definition of “Deferral Termination Event” appearing in Section 1.01 of the Credit Agreement is hereby amended to delete the reference in clause (v) thereof to “any Loan Party shall restate,” appearing therein and to replace therefor a reference to “Following the Amendment No. 21 Effective Date, any Loan Party shall restate,”.

(e) The definition of “Deferral Termination Event” appearing in Section 1.01 of the Credit Agreement is hereby further amended to delete the reference in clause (vi) thereof to “Amendment No. 12 Effective Date” appearing therein and to replace therefor a reference to “Amendment No. 21 Effective Date”.

(f) The definition of “Documentation Condition” appearing in Section 1.01 of the Credit Agreement is hereby restated in its entirety as follows:

“Documentation Condition” means (i) an agreement to support the Restructuring has been signed by the Company (on behalf of itself and all direct and indirect subsidiaries) and Lenders having Revolving Credit Exposures, outstanding principal amount of Term Loans and unused Commitments representing at least 90% of the sum of the total Revolving Credit Exposures, the aggregate principal amount of Term Loans and the unused Commitments at such time, which support agreement shall be in form and substance acceptable to the Confirming Parties, each in their sole discretion, (ii) (a) the Teamsters National Freight Industry Negotiating Committee of the International Brotherhood of Teamsters has provided all necessary consents to the Restructuring required by the IBT MOU, which consents shall be unqualified and non-contingent other than with respect to the consummation of the Restructuring and (b) contingent only upon the occurrence of the Restructuring Closing Date, waive any termination, modification or similar rights under the IBT MOU such that the collective bargaining agreement shall be fully binding on the parties thereto for its specified term, (iii) the applicable Subsidiaries of the Company and the Pension Fund Entities shall have duly executed an amendment in respect of the Restructuring to the Specified Pension Fund Deferral Transaction Documents (the effectiveness of such amendment being conditioned solely on the closing of the Restructuring, including, without limitation, the payment of fees and expenses), which amendment is in form and substance acceptable to the Confirming Parties, each in their sole discretion and (iv) to the extent deemed reasonably necessary by any of the Confirming Parties, the parties to the Yellow Receivables Facility shall have duly executed an amendment in respect of the Restructuring to the Yellow Receivables Facility (the effectiveness of such amendment being conditioned solely on the closing of the Restructuring, including, without limitation, the payment of fees and expenses), which amendment is in form and substance acceptable to the Confirming Parties, each in their sole discretion.

(g) Section 5.01 of the Credit Agreement is hereby amended to (i) replace the period

at the end of clause (g) thereof and replace it with a semicolon and (ii) to insert the following proviso immediately following such clause (g) as follows:

provided that no information shall be required to be delivered under this Section 5.01 to the extent that such information would constitute forward-looking material non-public information concerning the Company and its Related Parties or their respective securities.

(h) Section 6.07(d) of the Credit Agreement is hereby amended to delete the reference in the proviso thereof to "April 29, 2011" appearing therein and to replace therefor a reference to "July 22, 2011".

(i) Exhibit A (Form of Assignment and Assumption) to the Credit Agreement is hereby amended and restated in its entirety as set forth on Annex A attached hereto.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Administrative Agent shall have received (i) an agreement to support the Restructuring has been signed by the Company (on behalf of itself and all direct and indirect subsidiaries) and Lenders having Revolving Credit Exposures, outstanding principal amount of Term Loans and unused Commitments representing at least 90% of the sum of the total Revolving Credit Exposures, the aggregate principal amount of Term Loans and the unused Commitments, (ii) counterparts of this Amendment duly executed by the Borrowers, the Supermajority Lenders and the Administrative Agent, (iii) the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors, (iv) a duly executed amendment in respect of the Yellow Receivables Facility in form and substance reasonably satisfactory to the Administrative Agent (and the Required Lenders hereby consent to such Amendment) and such amendment shall be in full force and effect contemporaneously with this Amendment, (v) a duly executed amendment in respect of the Specified Pension Fund Deferral Transaction Documents in form and substance reasonably satisfactory to the Administrative Agent and such amendment shall be in full force and effect contemporaneously with this Amendment, (vi) evidence reasonably satisfactory to the Administrative Agent that the Teamsters National Freight Industry Negotiating Committee of the International Brotherhood of Teamsters shall have confirmed that this Amendment is acceptable, and (vii) those documents and instruments as may be reasonably requested by the Administrative Agent and (b) the Company shall have paid all previously 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. 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 (including any Lender in its capacity as a member of the Informal Group), and, in the case of each of the foregoing, each of its members, 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.

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

7. 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.

8. 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:

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:

Signature Page to Amendment No. 21
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

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

By: _____

Name:

Title:

[LENDER - INSERT FULL LEGAL NAME IN CAPS AND
DELETE BRACKETS],
as a Lender

By: _____

Name:

Title:

Signature Page to Amendment No. 21
YRC Worldwide Inc. et al
Credit Agreement dated as of August 17, 2007

AMENDMENT NO. 23 TO
THIRD AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT TO THIRD AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "**Amendment**") is entered into as of April 29, 2011 by and among:

(a) Yellow Roadway Receivables Funding Corporation, a Delaware corporation (the "**Company**"),

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

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

(d) JPMorgan, 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 Company, the Committed Purchasers, the Conduits, the LC Issuer and the Agents (as amended, restated, supplemented or otherwise modified prior to the date hereof, 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 herein shall have the meanings attributed to such terms in (or incorporated by reference in) the RPA.

2. **Amendment to RPA**. Effective as of the Effective Date (as defined herein), subject to the satisfaction of the conditions precedent set forth in **Section 3** below, the proviso appearing in **clause (b)** of the definition of "Trigger Event" set forth on **Exhibit I** to the RPA is hereby amended and restated in its entirety as follows:

; provided, that for purposes of the foregoing, "Agreed EBITDA Amount" shall mean, in respect of each of the four consecutive fiscal quarter periods ending June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012 and June 30, 2012, an amount for each such period proposed by the Performance Guarantor and agreed to by the Required Co-Agents, on or prior to July 22, 2011.

3. **Conditions Precedent.** This Amendment shall become effective as of the date (the “**Effective Date**”) when each of the following conditions precedent have been satisfied or waived:

(a) The Administrative Agent shall have received the following, each in a form satisfactory to the Administrative Agent: (i) counterparts of this Amendment duly executed by the Company, the Performance Guarantor, the Co-Agents, the Administrative Agent and the Originators, (ii) a duly executed copy of Amendment No. 21 to the YRCW Credit Agreement (“**Amendment No. 21**”), dated as of April 29, 2011, among the Performance Guarantor, as borrower, the entities party thereto as Canadian Borrowers, the financial institutions party thereto and JPMorgan, as administrative agent, (iii) evidence that all conditions precedent to Amendment No. 21 have been satisfied and that Amendment No. 21 is in full force and effect, and (iv) such other documents, instruments or agreements as any Agent shall reasonably request.

(b) the Company shall have paid the reasonable legal fees and disbursements of the Administrative Agent’s counsel, Sidley Austin LLP invoiced on or prior to the date on which the conditions described in clause (a) above and this clause (b) have been satisfied.

4. **Consent to Amendment No. 21.** Effective as of the Effective Date, subject to the satisfaction of the conditions precedent set forth in **Section 3** above, the Co-Agents hereby agree that the Interim Restructuring arising by reason of the execution and delivery of Amendment No. 21 shall not constitute a Servicer Default.

5. **Deferral of Commitment Fee.** (a) The Company acknowledges that due to the occurrence of a Milestone Failure (as defined in the Co-Agents’ Fee Letter) due to failure to satisfy the March Pension Fund Condition (as defined in the Co-Agents’ Fee Letter) prior to April 30, 2011, a portion of the Deferred Commitment Fee (as defined in the Co-Agents’ Fee Letter) equal to the amount specified for each Conduit and Wells Fargo on Schedule I hereto is due and payable by the Company to the Conduits and Wells Fargo on May 2, 2011. The Conduits and Wells Fargo hereby agree to further defer the payment of such Deferred Commitment Fee until, and the Company hereby agrees to pay each of the Conduits and Wells Fargo, in immediately available funds, the amount of such Deferred Commitment Fee on, the July Payment Date (as defined in the Co-Agents’ Fee Letter); provided that, such Deferred Commitment Fee shall be subject to the terms and conditions of Section B of the Co-Agent’s Fee Letter, including, without limitation, (i) that the Company shall have no obligation to pay such Deferred Commitment Fee if it is due and payable on any date following the Refinancing Date and (ii) that if the Accelerated Deferred Payment Date shall occur for any reason other than as a result of a Milestone Failure, the balance then outstanding of the Deferred Commitment Fee shall be due and payable in full.

(b) The Company and the Agents agree that the definition of “YRCW Credit Agreement” set forth in the Co-Agents’ Fee Letter is hereby amended to give effect to Amendment No. 21, as in effect on the date hereof.

(c) Reference is made to the letter agreement of even date herewith (the “Lender Support Agreement”) among the Performance Guarantor and certain “Participating Lenders” relating to the YRCW Credit Agreement. In the event a “Support Termination Event”

(as defined in the Lender Support Agreement) shall occur and any party to the YRCW Credit Agreement shall thereafter demand payment of any amount in the nature of fees or interest that shall have been deferred, suspended or otherwise not paid in full when previously due, an Accelerated Deferred Fee Payment Date shall be deemed to have occurred under and for purposes of the Co-Agent's Fee Letter.

(d) For the avoidance of doubt, this Section 5 shall constitute an amendment of the Co-Agents' Fee Letter.

6. Representations and Warranties. In order to induce the other parties to enter into this Amendment:

(a) The Company hereby represents and warrants to the Agents that after giving effect to Sections 2 and 4 above, (i) no Servicer Default or Potential Servicer Default exists and is continuing as of the Effective Date or would result from the execution, delivery and performance of this Amendment, (ii) the RPA, as amended hereby, constitutes the legal, valid and binding obligations of the Company and the Performance Guarantor, enforceable against such Person 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 Company's representations and warranties contained in the RPA is correct as of the Effective Date.

(b) The Performance Guarantor hereby consents to the amendments herein contained and ratifies and confirms that the Performance Undertaking remains in full force and effect.

7. Ratification. Except as specifically amended or otherwise modified herein, the RPA is hereby ratified, approved and confirmed in all respects.

8. Release. In further consideration of the execution by the Administrative Agent and the Co-Agents of this Amendment, to the extent permitted by applicable law, each of the Company and the Performance Guarantor, on behalf of itself and all of its successors and assigns (collectively, the "Releasors"), hereby completely, voluntarily, knowingly, and unconditionally releases and forever discharges the Administrative Agent, each Co-Agent, each of the Purchasers, the LC Issuer, 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 (a) the RPA or any of the other Transaction Documents (including, without limitation, with respect to the payment, performance, validity or

enforceability of the Company's or the Performance Guarantor's obligations thereunder, the liens securing such obligations, or any or all of the terms or conditions of any Transaction Document), (b) the financial condition, business or operations of the Company or the Performance Guarantor, and (c) the negotiation, documentation and execution of this Amendment and any documents relating hereto, except for Claims determined in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Releasee. The Releasers hereby acknowledge that they have been advised by legal counsel of the meaning and consequences of this release.

9. 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, respectively, the RPA as modified by this Amendment.

10. Costs and Expenses. The Company 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.

11. 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.

12. 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:

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: John M. Kuhns
Title: Executive Director

WELLS FARGO BANK, N.A. (successor by merger to Wachovia Bank, National Association), as Wells Fargo Agent

By: _____
Name:
Title:

*Amendment No. 23 to
Third Amended and Restated Receivables Purchase Agreement*

THE ROYAL BANK OF SCOTLAND PLC, as
Amsterdam Agent

By: RBS SECURITIES INC., as its agent

By: _____
Name:
Title:

*Amendment No. 23 to
Third Amended and Restated Receivables Purchase Agreement*

SCHEDULE I

<u>Payee</u>	<u>Deferred Commitment Fee Amount</u>
Falcon Asset Securitization Company LLC	\$ 1,745,833
Wells Fargo Bank, N.A.	\$ 916,667
Amsterdam Funding Corporation	\$ 1,250,000
Three Pillars Funding LLC	\$ 1,087,500

AMENDMENT 9 TO CONTRIBUTION DEFERRAL AGREEMENT

This Amendment 9 to the Contribution Deferral Agreement (this "Amendment 9") is entered into as of April 29, 2011, by and among (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) each of the Guarantors a party hereto (the "Guarantors"; (iii) Wilmington Trust Company, as agent (together with its successors and assigns, in such capacity, the "Agent"; and (iv) each of the Funds party hereto. The Primary Obligors, the Guarantors, the Funds, and the Agent are herein individually referred to as a "Party" and together referred to as the "Parties."

RECITALS

WHEREAS, the Primary Obligors, CS Pension Fund, certain other Funds and the Agent are party to that certain Contribution Deferral Agreement dated as of June 17, 2009 (as further amended, modified or supplemented from time to time, the "Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Agreement), pursuant to which such Parties agreed that the obligations to make certain contributions otherwise due to such Funds from the Primary Obligors would be deferred; and

WHEREAS, the Obligors and the undersigned Funds, constituting Majority Funds party to the Agreement, each desire to enter into this Amendment 9, among other things, to amend the definition of "Documentation Condition";

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 I1. Amendment.

1.1 The definition of "Documentation Condition" in the Agreement is hereby amended and restated in its entirety with the following:

"Documentation Condition" means satisfaction of each of the following (i) the Obligors and the Funds shall have duly executed an amendment in respect of the Restructuring to the Fund Documents, which amendment is in form and substance acceptable to each of the Primary Obligors and the Funds, each in their sole discretion, (ii) an agreement to support the Restructuring has been signed by the Parent (on behalf of itself and all direct and indirect subsidiaries) and the Lenders (as defined by the Senior Credit Facility) having Revolving Credit Exposures (as defined by the Senior Credit Facility), outstanding principal amount of Term Loans (as defined by the Senior Credit Facility) and unused Commitments (as defined by the Senior Credit Facility) representing at least 90% of the sum of the

total Revolving Credit Exposures (as defined by the Senior Credit Facility), the aggregate principal amount of Term Loans (as defined by the Senior Credit Facility) and the unused Commitments (as defined by the Senior Credit Facility) at such time, which support agreement shall be in form and substance acceptable to the Confirming Parties, each in their sole discretion, and (iii) (a) the Teamsters National Freight Industry Negotiating Committee of the International Brotherhood of Teamsters has provided all necessary consents to the restructuring required by the IBT MOU (as defined in the Senior Credit Facility), which consents shall be unqualified and non-contingent other than with respect to the consummation of the Restructuring and (b) contingent only upon the occurrence of the Restructuring Closing Date, waive any termination, modification or similar rights under the IBT MOU (as defined in the Senior Credit Facility) such that the collective bargaining agreement shall be fully binding on the parties thereto for its specified term.

ARTICLE II

2. Conditions Precedent.

2.1 Amendment Effective Date. This Amendment 9 shall become effective on the date each of the following conditions is satisfied (or waived) (the "Amendment Effective Date"):

(a) the Obligors, the Funds, consisting of Majority Funds party to the Agreement, and the Agent shall have executed a counterpart of this Amendment 9, which may include telecopy or other electronic transmission of a signed signature page of this Amendment 9.

(b) The Agent and CS Pension Fund shall have received payment for all invoiced reasonable out-of-pocket expenses payable by the Primary Obligors under Section 11.01 of the Agreement.

ARTICLE III

3. Miscellaneous.

3.1 Agent. Pursuant to Section 11.04 of the Agreement, the undersigned Funds, constituting Majority Funds party to the Agreement, hereby authorize and direct the Agent to execute, enter into and perform this Amendment 9.

3.2 Successors and Assigns. This Amendment 9 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.

3.3 Counterparts. This Amendment 9 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 Amendment 9.

3.4 Descriptive Headings; Interpretation. The headings and captions used in this Amendment 9 are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment 9.

3.5 Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Amendment 9 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 Amendment 9 (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.

3.6 No Strict Construction. The Parties have participated jointly in the negotiation and drafting of this Amendment 9. In the event an ambiguity or question of intent or interpretation arises, this Amendment 9 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 Amendment 9.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment 9 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: Phil J. Gaines
Title: Senior Vice President and
Chief Financial Officer

USF HOLLAND, INC., as an Obligor

By _____
Name: Terry Gerrond
Title: Vice President – Tax

NEW PENN MOTOR EXPRESS, INC., as an Obligor

By _____
Name: Paul F. Liljegren
Title: Vice President – Finance

USF REDDAWAY INC., as an Obligor

By _____
Name: Terry Gerrond
Title: Vice President – Tax

Signature Page to Amendment 9 to
Contribution Deferral Agreement

YRC LOGISTICS SERVICES, INC., as a Guarantor

By _____

Name: Paul F. Liljegen

Title: Vice President – Finance

USF GLEN MOORE, INC., as a Guarantor

By _____

Name: Paul F. Liljegen

Title: Vice President – Finance

TRANSCONTINENTAL LEASE, S. DE R.L. DE C.V., as a Guarantor

By _____

Name: Fortino Landeros Ruiz

Title: Legal Representative

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

By _____

Name:

Title:

WILMINGTON TRUST COMPANY, as Agent

By _____

Name:

Title:

Signature Page to Amendment 9 to Contribution Deferral Agreement

AMENDMENT 10 TO CONTRIBUTION DEFERRAL AGREEMENT

This Amendment 10 to the Contribution Deferral Agreement (this "Amendment 10") is entered into as of April 29, 2011, by and among (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) each of the Guarantors a party hereto (the "Guarantors"); (iii) Wilmington Trust Company, as agent (together with its successors and assigns, in such capacity, the "Agent"); and (iv) each of the Funds party hereto. The Primary Obligors, the Guarantors, the Funds, and the Agent are herein individually referred to as a "Party" and together referred to as the "Parties."

RECITALS

WHEREAS, the Primary Obligors, CS Pension Fund, certain other Funds and the Agent are party to that certain Contribution Deferral Agreement dated as of June 17, 2009 (as amended, modified or supplemented from time to time, the "Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Agreement), pursuant to which such Parties agreed that the obligations to make certain contributions otherwise due to such Funds from the Primary Obligors would be deferred; and

WHEREAS, the Obligors and the undersigned Funds, constituting all of the Funds party to the Agreement, each desire to enter into this Amendment 10, among other things, to extend the termination date of the deferral and to amend and restate the Agreement to effect changes to certain provisions in connection with the Restructuring;

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 I1. Amendments.

1.1 The definition of "Deferred Payment Termination Date" in the Agreement is hereby amended by replacing clause (i) (x) thereof with the following:

"July 22, 2011 (unless on or prior to such date the Supermajority Funds have agreed to continue deferring Monthly Amortization Payments and Monthly Interest Payments to a date later than July 22, 2011)"

1.2 The proviso at the end of Section 11.01 in the Agreement is hereby deleted and amended and restated in its entirety with the following:

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 after the Restructuring Closing Date 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).

1.3 Section 2.03(d) is hereby amended and restated in its entirety to read as follows:

“(d) Application of Prepayments. Any prepayments pursuant to Sections 2.03(a), (b) or (c) shall be applied (i) first, towards payment of Deferred Interest, ratably among the Funds in accordance with the amounts of Deferred Interest then due to the Funds and (ii) second, towards payment of all Deferred Pension Payments, ratably among the Funds in accordance with the Deferred Pension Payments then due to the Funds. Any optional prepayment hereunder shall be applied as between Deferred Interest and Deferred Pension Payments as directed by the Primary Obligors (but in any event ratably among the Funds in accordance with the Deferred Pension Payments or Deferred Interest then due to the Funds, as applicable).”

Each of the Parties acknowledges and agrees that the above amendment to Section 2.03(d) shall be given retroactive effect to the initial date of the Agreement.

1.4 The Agreement is hereby amended and restated in its entirety, including with respect to schedules and exhibits attached thereto, as set forth in Exhibit A attached hereto (the “A&R Agreement”).

ARTICLE II

2. Conditions Precedent.

2.1 Amendment Effective Date. This Amendment 10 (other than Sections 1.3 and 1.4) shall become effective on the date each of the following conditions is satisfied (or waived) (the “Amendment Effective Date”):

(a) the Obligors, the Funds consisting of Supermajority Funds party to the Agreement and the Agent shall have executed a counterpart of this Amendment 10, which may include telecopy or other electronic transmission of a signed signature page of this Amendment 10.

(b) The Agent and CS Pension Fund shall have received payment for all invoiced reasonable out-of-pocket expenses payable by the Primary Obligors under Section 11.01 of the Agreement (after giving effect to Sections 1.1 and 1.2).

2.2 Amendment and Restatement Effective Date. Section 1.4 of this Amendment 10 shall become effective on the date each of the following conditions is satisfied (or waived):

(a) The Obligors, the Funds party to the Agreement and the Agent shall have each executed a counterpart of this Amendment 10, which may include telecopy or other electronic transmission of a signed signature page of this Amendment 10 and the Amendment Effective Date shall have occurred.

(b) Each of the conditions set forth in Section 5.01 of the A&R Agreement shall have been satisfied or waived in accordance with the terms of the A&R Agreement.

2.3 Section 1.3 of this Amendment 10 shall become effective on the date all of the Funds party to the Agreement and the Agent shall have each executed a counterpart of this Amendment 10, which may include telecopy or other electronic transmission of a signed signature page of this Amendment 10 and the Amendment Effective Date shall have occurred.

ARTICLE III

3. Miscellaneous.

3.1 Agent. Pursuant to Section 11.04 of the Agreement, the undersigned Funds, constituting all the Funds party to the Agreement, hereby authorize and direct the Agent to execute, enter into and perform this Amendment 10.

3.2 Successors and Assigns. This Amendment 10 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.

3.3 Counterparts. This Amendment 10 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 Amendment 10.

3.4 Descriptive Headings; Interpretation. The headings and captions used in this Amendment 10 are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment 10.

3.5 Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Amendment 10 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 Amendment 10 (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.

3.6 No Strict Construction. The Parties have participated jointly in the negotiation and drafting of this Amendment 10. In the event an ambiguity or question of intent or interpretation arises, this Amendment 10 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 Amendment 10.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment 10 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: Phil J. Gaines
Title: Senior Vice President and
Chief Financial Officer

USF HOLLAND, INC., as an Obligor

By _____
Name: Terry Gerrond
Title: Vice President – Tax

NEW PENN MOTOR EXPRESS, INC., as an Obligor

By _____
Name: Paul F. Liljegren
Title: Vice President – Finance

USF REDDAWAY INC., as an Obligor

By _____
Name: Terry Gerrond
Title: Vice President – Tax

YRC LOGISTICS SERVICES, INC., as a Guarantor

By _____
Name: Paul F. Liljegren
Title: Vice President – Finance

Signature Page to Amendment 10 to
Contribution Deferral Agreement

USF GLEN MOORE, INC., as a Guarantor

By _____
Name: Paul F. Liljegren
Title: Vice President – Finance

TRANSCONTINENTAL LEASE, S. DE R.L. DE C.V., as a Guarantor

By _____
Name: Fortino Landeros Ruiz
Title: Legal Representative

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

By _____
Name:
Title:

INTERNATIONAL ASSOCIATION OF MACHINISTS MOTOR CITY PENSION FUND, as a Fund

By _____
Name:
Title:

WESTERN CONFERENCE OF TEAMSTERS PENSION TRUST, as a Fund

By _____
Name:
Title:

Signature Page to Amendment 10 to
Contribution Deferral Agreement

TEAMSTERS LOCAL 617 PENSION FUND, as a Fund

By _____
Name:
Title:

LOCAL 705 INTERNATIONAL BROTHERHOOD OF
TEAMSTERS PENSION FUND, as a Fund

By _____
Name:
Title:

WESTERN CONFERENCE OF TEAMSTERS
SUPPLEMENTAL BENEFIT TRUST FUND, as a Fund

By _____
Name:
Title:

SUBURBAN TEAMSTERS OF NO. IL. PENSION FUND, as a
Fund

By _____
Name:
Title:

ROAD CARRIERS LOCAL 707 PENSION FUND, as a Fund

By _____
Name:
Title:

Signature Page to Amendment 10 to
Contribution Deferral Agreement

SOUTHWESTERN PENNSYLVANIA AND WESTERN
MARYLAND TEAMSTERS & EMPLOYERS PENSION
FUND, as a Fund

By _____
Name:
Title:

HAGERSTOWN MOTOR CARRIERS AND TEAMSTERS
PENSION PLAN, as a Fund

By _____
Name:
Title:

TEAMSTERS LOCAL 445 PENSION FUND, as a Fund

By _____
Name:
Title:

I.B. of T. UNION LOCAL NO. 710 PENSION FUND, as a
Fund

By _____
Name:
Title:

NEW ENGLAND TEAMSTERS & TRUCKING INDUSTRY
PENSION FUND, as a Fund

By _____
Name:
Title:

TEAMSTERS JC 83 PENSION FUND, as a Fund

By _____
Name:
Title:

MANAGEMENT LABOR WELFARE & PENSION FUNDS
LOCAL 1730, I.L.A. , as a Fund

By _____
Name:
Title:

TEAMSTERS LOCAL 639 EMPLOYER'S PENSION TRUST,
as a Fund

By _____
Name:
Title:

CENTRAL PENNSYLVANIA TEAMSTERS PENSION
FUND, as a Fund

By _____
Name:
Title:

TEAMSTERS LOCAL 641 PENSION FUND, as a Fund

By _____
Name:
Title:

Signature Page to Amendment 10 to
Contribution Deferral Agreement

TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA
AND VICINITY, as a Fund

By _____
Name:
Title:

FREIGHT DRIVERS AND HELPERS LOCAL 557 PENSION
FUND, as a Fund

By _____
Name:
Title:

MID-JERSEY TRUCKING IND. & TEAMSTERS LOCAL 701
PENSION FUND, as a Fund

By _____
Name:
Title:

TRUCKING EMPLOYEES OF NORTH JERSEY WELFARE
FUND INC. - PENSION FUND, as a Fund

By _____
Name:
Title:

HAWAII TRUCKERS-TEAMSTERS UNION PENSION
FUND, as a Fund a

By _____
Name:
Title:

NEW YORK STATE TEAMSTERS CONFERENCE PENSION
AND RETIREMENT FUND, as a Fund

By _____
Name:
Title:

EMPLOYER-TEAMSTERS LOCAL NOS. 175/505 PENSION
TRUST FUND, as a Fund

By _____
Name:
Title:

WESTERN PENNSYLVANIA TEAMSTERS AND
EMPLOYERS PENSION FUND, as a Fund

By _____
Name:
Title:

WILMINGTON TRUST COMPANY, as Agent

By _____
Name:
Title:

Signature Page to Amendment 10 to
Contribution Deferral Agreement

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (this "Agreement") is made this 6th day of March 2011, by Sheila Taylor ("Employee") and YRC Worldwide Inc. (the "Company").

In consideration of the mutual agreements described below, the payments to Employee and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, Employee and the Company agree as follows:

1. Separation.

Employee agrees not to resign her employment with the Company prior to March 31, 2011, unless terminated earlier by the Company (the earlier of these dates will be referred to herein as the "Separation Date"), at which point Employee will resign and her employment will cease. In addition to the compensation, payments and benefits provided for in this Agreement following the Separation Date, Employee shall continue to receive her current compensation and benefits until the Separation Date.

2. Payments.

- A. Subject to the terms of this Agreement, the Company shall pay Employee separation pay in the gross amount of \$435,000 in ratable bi-monthly installments from the Separation Date through March 31, 2012 (the period between the Separation Date and March 31, 2012 shall be referred to herein as the "Inactive Employment Period"). The Company will commence these separation payments with the Company's regular pay cycle ending on the next regular pay day after the date the Subsequent Release (as defined below) is delivered to the Company.
- B. Employee will receive no further wages, bonuses or other similar payments from the Company, other than salary and perquisites through the Separation Date and those other items that this Agreement provides.
- C. Employee acknowledges that the only outstanding Company options that the Company has granted to Employee are as follows:

<u>Grant Date</u>	<u>Shares</u>	<u>Exercise Price</u>	<u>Vest Date</u>
January 2, 2009	51	\$ 83.50	26 Fully Vested Today 13 on 1/2/12 and 12 on 1/2/13
May 15, 2008	48	\$ 470.50	Fully Vested

These options shall continue to be governed by their respective stock option agreements. These options shall continue to vest under the applicable stock option agreements to the extent not already vested until the last day of the Inactive Employment Period, which shall be deemed to be the last day of employment solely for the purpose of the applicable stock option agreements. For purposes of the applicable stock option agreements, Employee shall be deemed "terminated" on the last day of the Inactive Employment Period. Employee acknowledges that

/s/ ST
Employee Initials

any options that do not vest before the end of the Inactive Employment Period will be forfeited pursuant to the applicable stock option agreements.

- D. Other than the options described in Section 2(C), Employee acknowledges that Employee does not have any other rights to Company equity or long term incentive payments that the Company has granted or may in the future grant to Employee.
- F. Employee understands that the Company will deduct federal and state withholding taxes and other deductions the Company is required by law to make from payments (including cash and equity) to Employee or which Employee has authorized from any payments made pursuant to this Agreement.

3. Benefits.

A. Medical, Dental and Vision.

The Company shall continue Employee's medical, dental and vision benefits (provided Employee was enrolled in the applicable plans providing those benefits on his or her Separation Date) as provided in this Section 3(A). Employee shall pay the active employee premium for these benefits. These medical, dental and vision benefits will continue until the end of the Inactive Employment Period or when other coverage becomes available as a result of Employee's subsequent employment, whichever comes first. If, before the end of the Inactive Employment Period, Employee has the opportunity to be covered under another group health plan which does not contain any exclusion or limitation with respect to any preexisting condition of Employee, the subsidy of this paragraph shall cease and Employee's continuation coverage shall cease as well. Employee is required to notify Company of the availability of such other group coverage by letter to Harold Marshall, Vice President Employee Benefits, YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211.

B. Other Benefits.

Other benefits to which Employee may have been entitled prior to the Separation Date (including 401(k)) will be discontinued pursuant to eligibility requirements under the specific plan document for that benefit. Any such benefits that have Consolidated Omnibus Budget Reconciliation Act ("COBRA"), continuation or conversion privileges will be provided to Employee for continuation at his or her cost pursuant to plan covenants. In all cases, the official plan document shall govern over any other verbal or written statement in regards to COBRA, continuation or conversion privileges.

C. Paid Time Off.

Any earned and unused paid time off as of the Separation Date will be paid to Employee in accordance with the Company's paid time off policy. Additional paid time off will not accrue during the Inactive Employment Period.

 /s/ ST
Employee Initials

- D. Holiday Pay.
Eligibility for holiday pay will cease on the Separation Date.
- E. Perquisites
Employee's flexible perquisites will cease as of the Separation Date.

4. No Obligation to Make Payment under Normal Policies.

Employee acknowledges that Employee is entering into this Agreement voluntarily, that Employee is not otherwise entitled to the separation pay and other consideration set forth in Sections 2-3, and that Employee is receiving the separation pay and consideration outlined in Sections 2-3 solely in exchange for the promises contained in this Agreement. Employee acknowledges that the Company otherwise has no obligation to provide separation pay to an Employee whose employment by the Company ends under these circumstances.

5. Prohibited Activities.

Employee acknowledges and understands that on November 25, 2009, she executed a Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreement, as amended pursuant to that certain First Amendment to Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreement executed of even date herewith (collectively, the "Non-Compete Agreement") and that Employee's compliance with the Non-Compete is a condition to the payment of separation and other benefits under this Agreement. The agreements and covenants contained in the Non-Compete Agreement remain in effect in accordance with their terms.

6. Consequences of Engaging in Prohibited Activities.

In addition to any other remedies the Company may have related to the Non-Compete Agreement, if Employee materially violates the Non-Compete Agreement (a "Prohibited Activity") in the first six months of the Inactive Employment Period, the Company may sue Employee for damages capped at the value of the cash payments made to Employee pursuant to Section 2 of this Agreement and seek an injunction to prevent the on-going occurrence of the Prohibited Activity during the six-month period, but if the Employee engages in a Prohibited Activity during the Inactive Employment Period after the first six months of the Inactive Employment Period, the Company may discontinue providing the remaining benefits under Sections 2 and 3 of this Agreement (other than those that applicable law requires such as COBRA requirements).

Notwithstanding any other provision of this Agreement, if the Employee engages in a Prohibited Activity during the Inactive Employment Period, then the termination of Employee's employment shall be the first day of the Inactive Employment Period, and Employee shall forfeit the right to any further vesting of the Employee's stock options and shall not receive any undelivered shares of the Company's common stock pursuant option or equity award agreements, and the option or equity award agreements shall immediately thereupon wholly and completely terminate.

/s/ ST
Employee Initials

If the Company receives a Credible Allegation (as defined below) of a Prohibited Activity, the Company, in its discretion, may suspend delivery or payment of any undelivered or unpaid shares or amounts for up to three months to permit the investigation of the Credible Allegation. If the Company determines that the Employee did not engage in any Prohibited Activities, the Company shall deliver or pay any portion of the shares that have vested or pay that is payable for which all restrictions have lapsed. Nothing in this Agreement shall limit the Company's ability to enforce, or to seek damages for any violation of, the Non-Compete Agreement. For this purpose, a "Credible Allegation" means an allegation that is supported by evidence that the Company believes, after (i) a good faith investigation and (ii) presentation of the allegation to the Compensation Committee and approval by the Compensation Committee to pursue a claim against Employee for the Prohibited Activity, is credible and reliable that the Employee has engaged in a Prohibited Activity.

7. Release.

In consideration of the separation pay and the other consideration set forth in Sections 2 and 3, as well as the other benefits that this Agreement provides, Employee (on Employee's own behalf and on behalf of Employee's heirs and other legal representatives and assigns) releases the Company, its subsidiaries and affiliates, and the employees, officers, directors, representatives, attorneys and agents of any of them, and their respective successors, predecessors and assigns, from all claims, charges, costs, attorney fees or demands, known or unknown, suspected or unsuspected, present or future, Employee may have in any way related to or arising from Employee's employment with the Company or the cessation of that employment. This includes, to the fullest extent allowed by law, a release of any rights or claims Employee may have under the following (as each may be amended through the date of this Agreement):

- A. the Age Discrimination in Employment Act of 1967, as amended, and the Older Workers Benefit Protection Act, which (among other things) prohibit age discrimination in employment;
- B. the Civil Rights Acts of 1866 or 1871, Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991, which (among other things) prohibit discrimination in employment based on race, color, national origin, religion or sex;
- C. the Americans with Disabilities Act, which (among other things) prohibits discrimination in employment against qualified disabled individuals;
- D. the Equal Pay Act, which (among other things) prohibits paying men and woman unequal pay for equal work;
- E. the Pregnancy Discrimination Act,
- F. the Family and Medical Leave Act,

 /s/ ST
Employee Initials

- G. the Employee Retirement Income Security Act,
- H. the National Labor Relations Act,
- I. the Labor Management Relations Act,
- J. the Sarbanes-Oxley Act of 2002, or
- K. any other federal, state or local laws, rules or regulations prohibiting employment discrimination or regulating human or civil rights.

This Section 7 also includes, to the fullest extent allowed by law, a release by Employee of any wrongful discharge, whistleblower, retaliation, tort, contract or common law claims, including claims for past or future loss of pay or benefits, expenses, damages for pain and suffering, mental anguish or emotional distress damages, liquidated damages, punitive damages, compensatory damages, attorney's fees, interest, court costs, physical or mental injury, damage to reputation, and any other injury, loss, damage or expense or any other legal or equitable remedy of any kind whatsoever.

Employee waives any right Employee may have under the Company's dispute resolution process to arbitrate the claims which Employee has released by entering into this Agreement. This release does not include, however, a release of the following:

- i. Employee's right, if any, to accrued and vested pension or retirement savings plan benefits under the Company's standard programs, plans and policies;
- ii. Claims Employee may have against Company or its insurers for indemnification under corporate charters or by-laws, indemnification agreements, director and officer insurance, or other similar protection afforded Company officers or directors to provide them with protection from claims third parties may make; or
- iii. Claims Employee may have against Company for failing to comply with any provision of this Agreement.

As a condition to receiving the separation pay and other consideration set forth in Sections 2 and 3 hereof, Employee must execute and deliver within 10 days after the Separation Date a subsequent release in the form attached hereto as Exhibit A (the "Subsequent Release").

Nothing in this Agreement or the Subsequent Release shall be deemed a release of any claim to enforce this Agreement.

8. Intent to Resolve All Claims; No Pending or Future Claims.

Employer and Company desire to settle all and compromise fully and finally all differences between them, including, but not limited to, all claims Employee has or might

 /s/ ST
Employee Initials

have asserted against the Company arising out of the employment with the Company or termination of that employment. Employee represents that, as of the date this Agreement was signed, no complaints, grievances, or claims related to Employee's employment with the Company or termination of that employment (including, but not limited to, any grievances, claims, or charges filed or pending with any local, state or federal agency or court) are pending or have been filed against the Company.

Employee promises never to file a lawsuit asserting any claims that are released in Section 7. If Employee or anyone else on Employee's behalf files a lawsuit asserting any of these claims, Employee waives Employee's right to receive any monetary award or reinstatement as an employee of the Company. Employee agrees that this Agreement is a complete and total bar to Employee's reemployment and to recovery of any money from the Company resulting from any lawsuit, charge or complaint raising any claims that are released in Section 7. Employee understands that Employee is not waiving the right to test the knowing and voluntary nature of this release agreement in court.

Employee understands that pursuant to federal law any frivolous or legally unwarranted challenge to the validity of this release agreement may result in payment to the Company of its attorney's fees and other legal costs incurred defending the validity of this Agreement.

This Agreement does not limit Employee's right to file a charge with an administrative agency or participate in an agency investigation. Employee waives the right to recover money in connection with any charge or investigation by any agency, regardless of whether Employee or someone else initiated that charge or investigation. Employee hereby assigns to Company all rights to such compensation, if any, in consideration of the payments received under this Agreement.

9. Non-Admission of Liability.

The Company is entering into this Agreement to avoid the cost of defending against any possible lawsuit. By making this Agreement, neither the Company nor any other released party admits that it has done anything wrong.

10. Non-Release of Future ADEA Claims.

This Agreement does not waive or release any rights or claims that Employee may have under the Age Discrimination in Employment Act that arise after the date the Employee signs this Agreement.

11. Consultation with Attorney.

Employee acknowledges that the Company has encouraged and afforded Employee an opportunity to engage and consult with legal counsel of Employee's choosing in connection with the negotiation and entering into of this Agreement.

12. Termination of Employment.

Employee acknowledges that if this Agreement becomes effective, Employee's employment with the Company will end on the Separation Date.

 /s/ ST
Employee Initials

13. Indemnification Rights.

Notwithstanding anything in this Agreement to the contrary, none of the execution, delivery or performance of this Agreement or the termination or resignation of Employee as an employee, an Executive Vice President and the Chief Financial Officer of the Company shall (a) terminate, reduce, modify, amend, supplement or otherwise affect in a manner adverse to Employee or in any other respect the rights of Employee under any or all of (i) Article V of the Bylaws of the Company as in effect on the Separation Date, (ii) any other indemnification provision in the Bylaws of the Company, (iii) the Indemnification Agreement made as of June 2, 2009, between Employee and the Company (the "Indemnification Agreement"), and (iv) the Executive and Organization Liability Insurance Policy issued by National Union Fire Insurance Company of Pittsburgh, Pa., Policy Number 01-118-80-97, including, without limitation, any right to be indemnified and held harmless against, to have paid or to receive payment for, to be reimbursed for or to be insured against any losses, damages, liabilities, expenses, or costs, including, without limitation, Litigation Costs (as defined in the Indemnification Agreement) suffered, incurred or paid by Employee (collectively, the "Indemnity Rights"), (b) be deemed to be a waiver of any or all of the Indemnity Rights or to create or to give rise to any right of setoff against, or any right of subrogation of the Company or any other person with respect to, any amount owing to, or that may become payable to or on behalf of, Employee pursuant to any of the Indemnity Rights.

14. Harmful Statements.

Except for truthful statements to comply with law or legal process, Employee represents and agrees that Employee will not make any derogatory, disparaging or false statements intended to harm the business or personal reputation of the Company or any related companies or their officers and employees. Except for truthful statements to comply with law or legal process, the Company will not make or authorize any derogatory, disparaging or false statements intended to harm the business reputation or personal reputation of Employee or the Employee's family.

15. Governing Law.

This Agreement is made in the State of Kansas and is governed by the laws of Kansas, excluding its law of conflicts of law and any action to enforce this Agreement shall be brought in the State District Court of Johnson County, Kansas, or the United States District Court for the District of Kansas at Kansas City.

16. Binding Effect.

This Agreement is binding on the representatives, heirs, successors and assigns of the Employee and the Company.

17. No Oral Changes.

This Agreement cannot be changed, modified, or amended in any respect except by written instrument that Employee and an officer of the Company sign.

 /s/ ST
Employee Initials

18. Severability.

The provisions of this Agreement are severable, that is, if any part of it is found to be invalid or unenforceable, the other parts will remain valid and enforceable and shall be construed to the greatest extent possible to be enforceable as written.

19. Return of Company Property.

Employee represents and warrants that Employee will use her reasonable best efforts to return within five days after the Separation Date all Company information (confidential or otherwise), including all related documents, reports, emails, files, memoranda and records, computer disks or other storage media, and all physical or personal property, including credit cards, card key passes, door and file keys, computers, pagers or Employee's leased vehicle, which Employee was provided or obtained during Employee's employment. Employee further represents and warrants that Employee will not retain the original or any copies, duplicates, reproductions or excerpts of the foregoing materials or property, including any emails or other Company information Employee has forwarded to Employee's personal email address.

20. Transitional Matters.

After the Separation Date, to ensure a smooth transition from Employee's employment with Company, Employee shall provide reasonable assistance to and cooperation with Company during the Inactive Employment Period in connection with any Company matters concerning which Employee had knowledge or responsibility while the Company employed Employee. In the event of any legal action or investigation relating to events that occurred during Employee's employment, Employee will cooperate to the fullest extent possible in the preparation, prosecution, or defense of Company's case, including the execution of affidavits or documents or providing of information requested by Company. Whether during or after the Inactive Employment Period, reasonable out-of-pocket expenses related to Employee's assistance will be reimbursed by Company, if Company's approval is obtained in advance. The Company's request for cooperation must reasonably accommodate Employee's obligations to any new employers or any medical treatment that Employee may be taking. Employee hereby resigns, as of the Separation Date, any positions that Employee may hold as an officer or director of the Company and all of its subsidiaries and affiliates. Employee agrees to sign such additional letters of resignation for those companies as the Company may request.

21. Employee's Death.

If Employee dies prior to receipt of the payments or benefits that this Agreement provides, Employee's estate shall be entitled to receive any remaining payments or benefits (subject to the other terms and conditions of this Agreement), unless and to the extent Employee's current or future beneficiary designation forms for those benefit plans that utilize such forms otherwise provide.

22. Interpretation & Construction.

The headings of this Agreement are for convenience only and shall not affect the interpretation or construction of this Agreement. When used in this Agreement, unless the context expressly requires the contrary, references to the singular shall include the

 /s/ ST
Employee Initials

plural, and *vice versa*; references to the masculine shall include the feminine and neuter, and *vice versa*; references to "Sections" shall mean the sections and subsections of this Agreement; references to "including" mean "including, without limitation"; and references to the "parties" mean the Company and Employee and to a "party" mean either one of them.

23. Summaries.

If there is any inconsistency between this Agreement and any summary of this Agreement, such as a summary provided in a document to Employee, the terms and conditions of this Agreement shall control and the summary shall not be used to interpret or construe this Agreement. If there is any inconsistency between this Agreement and the Non-Compete Agreement, this Agreement shall supersede the Non-Compete Agreement.

24. Entire Agreement.

This Agreement between Employee and the Company, combined with the Non-Compete Agreement (including the amendment thereto signed concurrently herewith), constitutes the entire agreement between the parties with respect to the subject matter hereof and the agreements contained herein, and supersedes all prior understandings, whether oral or written, between the Company and Employee, other than any confidentiality or trade secret agreements with Employee, which shall remain effective. The Company has made no promises to Employee other than those in this Agreement and in the Non-Compete Agreement.

EMPLOYEE ACKNOWLEDGES THAT SHE HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO THIS AGREEMENT. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Agreed:
YRC Worldwide Inc.

/s/ William Zollars

Name: William Zollars
Title: Chairman/CEO

Agreed:
Sheila Taylor

/s/ Sheila Taylor

/s/ ST
Employee Initials

Exhibit A

This Release (this "Agreement") is made this 1 day of April 2011, by Sheila Taylor ("Employee") and YRC Worldwide Inc. (the "Company").

Employee and the Company are party to a Separation and Release Agreement (the "Separation Agreement"), dated as of March 6, 2011, that, among other things, provides that the Company will provide specified payments and benefits if, among other requirements, Employee executes and delivers this Agreement on or prior to 10 days after Employee's Separation Date (as defined in the Separation Agreement). This Agreement does not modify or terminate any of the provisions of, or obligations or covenants arising under, the Separation Agreement. In consideration of the mutual agreements described in the Separation Agreement, the payments to Employee and other good and valuable consideration described in the Separation Agreement, the receipt and sufficiency of which the parties acknowledge, Employee and the Company agree as follows:

1. Release.

In consideration of the separation pay and the other consideration set forth in Sections 2 and 3 of the Separation Agreement, as well as the other benefits that the Separation Agreement provides, Employee (on Employee's own behalf and on behalf of Employee's heirs and other legal representatives and assigns) releases the Company, its subsidiaries and affiliates, and the employees, officers, directors, representatives, attorneys and agents of any of them, and their respective successors, predecessors and assigns, from all claims, charges, costs, attorney fees or demands, known or unknown, suspected or unsuspected, present or future, Employee may have in any way related to or arising from Employee's employment with the Company or the cessation of that employment. This includes, to the fullest extent allowed by law, a release of any rights or claims Employee may have under the following (as each may be amended through the date of this Agreement):

- A. the Age Discrimination in Employment Act of 1967, as amended, and the Older Workers Benefit Protection Act, which (among other things) prohibit age discrimination in employment;
- B. the Civil Rights Acts of 1866 or 1871, Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991, which (among other things) prohibit discrimination in employment based on race, color, national origin, religion or sex;
- C. the Americans with Disabilities Act, which (among other things) prohibits discrimination in employment against qualified disabled individuals;
- D. the Equal Pay Act, which (among other things) prohibits paying men and woman unequal pay for equal work;
- E. the Pregnancy Discrimination Act,

/s/ ST
Employee Initials

- F. the Family and Medical Leave Act,
- G. the Employee Retirement Income Security Act,
- H. the National Labor Relations Act,
- I. the Labor Management Relations Act,
- J. the Sarbanes-Oxley Act of 2002, or
- K. any other federal, state or local laws, rules or regulations prohibiting employment discrimination or regulating human or civil rights.

This Section 1 also includes, to the fullest extent allowed by law, a release by Employee of any wrongful discharge, whistleblower, retaliation, tort, contract or common law claims, including claims for past or future loss of pay or benefits, expenses, damages for pain and suffering, mental anguish or emotional distress damages, liquidated damages, punitive damages, compensatory damages, attorney's fees, interest, court costs, physical or mental injury, damage to reputation, and any other injury, loss, damage or expense or any other legal or equitable remedy of any kind whatsoever.

Employee waives any right Employee may have under the Company's dispute resolution process to arbitrate the claims which Employee has released by entering into this Agreement. This release does not include, however, a release of the following:

- i. Employee's right, if any, to accrued and vested pension or retirement savings plan benefits under the Company's standard programs, plans and policies;
- ii. Claims Employee may have against Company or its insurers for indemnification under corporate charters or by-laws, indemnification agreements, director and officer insurance, or other similar protection afforded Company officers or directors to provide them with protection from claims third parties may make; or
- iii. Claims Employee may have against Company for failing to comply with any provision of this Agreement.

2. Intent to Resolve All Claims; No Pending or Future Claims.

Employer and Company desire to settle all and compromise fully and finally all differences between them, including, but not limited to, all claims Employee has or might have asserted against the Company arising out of the employment with the Company or termination of that employment. Employee represents that, as of the date this Agreement was signed, no complaints, grievances, or claims related to Employee's employment with the Company or termination of that employment (including, but not limited to, any grievances, claims, or charges filed or pending with any local, state or federal agency or court) are pending or have been filed against the Company.

/s/ ST
Employee Initials

Employee promises never to file a lawsuit asserting any claims that are released in Section 1. If Employee or anyone else on Employee's behalf files a lawsuit asserting any of these claims, Employee waives Employee's right to receive any monetary award or reinstatement as an employee of the Company. Employee agrees that this Agreement is a complete and total bar to Employee's reemployment and to recovery of any money from the Company resulting from any lawsuit, charge or complaint raising any claims that are released in Section 1. Employee understands that Employee is not waiving the right to test the knowing and voluntary nature of this release agreement in court.

Employee understands that pursuant to federal law any frivolous or legally unwarranted challenge to the validity of this release agreement may result in payment to the Company of its attorney's fees and other legal costs incurred defending the validity of this Agreement.

This Agreement does not limit Employee's right to file a charge with an administrative agency or participate in an agency investigation. Employee waives the right to recover money in connection with any charge or investigation by any agency, regardless of whether Employee or someone else initiated that charge or investigation. Employee hereby assigns to Company all rights to such compensation, if any, in consideration of the payments received under this Agreement.

Nothing in this Agreement shall be construed to bar Employee from seeking legal redress for actions occurring after the execution of this Agreement.

3. Non-Admission of Liability.

The Company is entering into this Agreement to avoid the cost of defending against any possible lawsuit. By making this Agreement, neither the Company nor any other released party admits that it has done anything wrong.

4. Non-Release of Future ADEA Claims.

This Agreement does not waive or release any rights or claims that Employee may have under the Age Discrimination in Employment Act that arise after the date the Employee signs this Agreement.

5. Consultation with Attorney.

Employee acknowledges that the Company has encouraged and afforded Employee an opportunity to engage and consult with legal counsel of Employee's choosing in connection with the negotiation and entering into of this Agreement.

6. Indemnification Rights.

Notwithstanding anything in this Agreement to the contrary, none of the execution, delivery or performance of this Agreement or the termination or resignation of Employee as an employee, an Executive Vice President and the Chief Financial Officer of the Company shall (a) terminate, reduce, modify, amend, supplement or otherwise affect in a manner adverse to Employee or in any other respect the rights of Employee under any or all of (i) Article V of the Bylaws of the Company as in effect on the Separation Date, (ii)

 /s/ ST
Employee Initials

any other indemnification provision in the Bylaws of the Company, (iii) the Indemnification Agreement made as of June 2, 2009, between Employee and the Company (the "Indemnification Agreement"), and (iv) the Executive and Organization Liability Insurance Policy issued by National Union Fire Insurance Company of Pittsburgh, Pa., Policy Number 01-118-80-97, including, without limitation, any right to be indemnified and held harmless against, to have paid or to receive payment for, to be reimbursed for or to be insured against any losses, damages, liabilities, expenses, or costs, including, without limitation, Litigation Costs (as defined in the Indemnification Agreement) suffered, incurred or paid by Employee (collectively, the "Indemnity Rights"), (b) be deemed to be a waiver of any or all of the Indemnity Rights or to create or to give rise to any right of setoff against, or any right of subrogation of the Company or any other person with respect to, any amount owing to, or that may become payable to or on behalf of, Employee pursuant to any of the Indemnity Rights.

7. Governing Law.

This Agreement is made in the State of Kansas and is governed by the laws of Kansas, excluding its law of conflicts of law and any action to enforce this Agreement shall be brought in the State District Court of Johnson County, Kansas, or the United States District Court for the District of Kansas at Kansas City.

8. Binding Effect.

This Agreement is binding on the representatives, heirs, successors and assigns of the Employee and the Company.

9. No Oral Changes.

This Agreement cannot be changed, modified, or amended in any respect except by written instrument that Employee and an officer of the Company sign.

10. Severability.

The provisions of this Agreement are severable, that is, if any part of it is found to be invalid or unenforceable, the other parts will remain valid and enforceable and shall be construed to the greatest extent possible to be enforceable as written.

11. Return of Company Property.

Employee represents and warrants that Employee has returned all Company information (confidential or otherwise), including all related documents, reports, emails, files, memoranda and records, computer disks or other storage media, and all physical or personal property, including credit cards, card key passes, door and file keys, computers, pagers or Employee's leased vehicle, which Employee was provided or obtained during Employee's employment. Employee further represents and warrants that Employee will not retain the original or any copies, duplicates, reproductions or excerpts of the foregoing materials or property, including any emails or other Company information Employee has forwarded to Employee's personal email address.

12. Interpretation & Construction.

The headings of this Agreement are for convenience only and shall not affect the

 /s/ ST
Employee Initials

interpretation or construction of this Agreement. When used in this Agreement, unless the context expressly requires the contrary, references to the singular shall include the plural, and *vice versa*; references to the masculine shall include the feminine and neuter, and *vice versa*; references to "Sections" shall mean the sections and subsections of this Agreement; references to "including" mean "including, without limitation"; and references to the "parties" mean the Company and Employee and to a "party" mean either one of them.

13. Summaries.

If there is any inconsistency between this Agreement and any summary of this Agreement, such as a summary provided in a document to Employee, the terms and conditions of this Agreement shall control and the summary shall not be used to interpret or construe this Agreement.

14. Entire Agreement.

This Agreement between Employee and the Company, combined with the Separation Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and the agreements contained herein, and supersedes all prior understandings, whether oral or written, between the Company and Employee, other than any confidentiality or trade secret agreements with Employee, which shall remain effective. The Company has made no promises to Employee other than those in this Agreement and the Separation Agreement.

EMPLOYEE ACKNOWLEDGES THAT SHE HAS READ THIS AGREEMENT, UNDERSTANDS IT AND IS VOLUNTARILY ENTERING INTO THIS AGREEMENT. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Agreed:
YRC Worldwide Inc.

 /s/ William Zollars

Name: William Zollars
Title: Chairman/CEO

Agreed:
Sheila Taylor

 /s/ Sheila Taylor

 /s/ ST
Employee Initials

**First Amendment to Non-Competition, Non-Solicitation, Non-Disparagement and
Confidentiality Agreement**

This First Amendment to Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreement (“Amendment”) dated March 6, 2011, is between YRC Worldwide Inc. (“YRCW”) and Sheila Taylor (“Taylor”). YRCW and Taylor are herein sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, YRCW and Taylor are parties to a Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreement dated November 25, 2009 (the “Original Non-Compete”);

WHEREAS, the Parties now desire to amend the Original Non-Compete as provided in this Amendment to only restrict or prohibit certain activities by Taylor with regard to certain businesses as further described herein;

NOW, THEREFORE, in consideration of Taylor’s agreement to not resign her employment prior to March 31, 2011, all of the foregoing, and the mutual terms, agreements and conditions hereinafter set forth, YRCW and Taylor hereby agree as follows:

1. Non-Competition. The Parties have agreed to amend certain restrictions set forth in the second and third sentences in Section 1 of the Original Non-Compete. Accordingly, the second and third sentences in Section 1 of the Original Non-Compete shall be amended and restated in their entirety to read as follows:

Therefore, you agree that so long as the Company employs you and during the Restricted Period (defined below), you shall not, and shall cause your controlled affiliates not to, directly or indirectly (other than in your capacity as an employee of the Company), own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain an interest in (proprietary, financial, or otherwise), or participate in the ownership, management, operation, or control of any Restricted Business (as defined below) in any geographic region for which you had direct or indirect responsibility on behalf of the Company or in any geographic region for which you had confidential information of the Company. For this purpose, “Restricted Business” means (A) any of CH Robinson Co, Schneider National Logistics, Ryder Carrier Management Services, Logistics Management Inc., Echo Global Logistics, AFS Logistics, Capital Trans Solutions, Ozburn-Hessey Logistics, Unishippers, Freightquote.com or any of their affiliates or successors, (B) any other company listed under the “Less-Than-Truckload” or

“Truckload” columns of Attachment 1 hereto and (C) any third party logistics provider that is a controlled affiliate of an entity described in clause (B). It shall not be a violation of Sections 1 or 2 if you become the registered or beneficial owner of up to 5% of any class of the capital stock of a business that is either registered under the Securities Exchange Act of 1934, as amended, or is traded on any foreign stock exchange or if you become employed by or maintain an interest in a law, accounting, consulting or financial advisory firm so long as you do not personally provide advice or services to any Restricted Businesses, as an employee or interest owner during the Restricted Period.

2. Non-Solicitation. The Parties have agreed to amend Section 2.d. of the Original Non-Compete. Accordingly, Section 2.d. of the Original Non-Compete shall be amended and restated in its entirety to read as follows:

d. develop a business relationship with any actual or prospective client, customer, supplier or licensor to cause, induce, or encourage such individual to become a client, customer, supplier, or licensor of any Restricted Businesses.

3. Non-Disparagement. The Parties have agreed to amend Section 3 of the Original Non-Compete. Accordingly, Section 3 of the Original Non-Compete shall be amended and restated in its entirety to read as follows:

Except for truthful statements to comply with law or legal process, you represent and agree that you will not make any derogatory, disparaging or false statements intended to harm the business or personal reputation of YRCW or any related companies or their officers and employees. Except for truthful statements to comply with law or legal process, YRCW will not make or authorize any derogatory, disparaging or false statements intended to your business reputation or personal reputation.

4. Termination. The Parties have agreed to amend the Original Non-Compete by adding a new Section 7 entitled “Termination.” Section 7 shall read as follows:

7. Termination. You shall have the right to terminate your obligations under Section 1 hereunder after any rejection under section 365 of title 11 of the United States Code of the Separation and Release Agreement, dated March 6, 2011, by and between you and YRCW.

5. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one in the same instrument.

Agreed to by:

YRC Worldwide Inc.

By: /s/ William Zollars
Name printed: William Zollars
Title: Chairman and CEO
Date: March 6, 2011

and

Sheila Taylor

Signature: /s/ Sheila Taylor
Dated: March 6, 2011

Attachment 1
to
First Amendment to Non-Competition, Non-Solicitation,
Non-Disparagement and Confidentiality Agreement
Dated 3-6-2011

LESS-THAN-TRUCKLOAD

FedEx Freight
YRC National Transportation
Con-way Freight
UPS Freight
ABF Freight System
YRC Regional Transportation
Estes Express Lines
Old Dominion Freight Line
R+L Carriers
Saia Inc.
Averitt Express
Lynden Transport
Southeastern Freight Lines
Vitran Express
TransForce Inc.
AAA Cooper Transportation
Central Transport International
New England Motor Freight
Roadrunner Transportation Systems
Pitt Ohio Express
Armour Transport
Calyx Transportation Group
Central Freight Lines
Dayton Freight Lines
A. Duie Pyle Inc.
New Century Transportation
Daylight Transport
Ward Trucking
Wilson Trucking
Watkins and Shepard Trucking
Milan Express Co.
Oak Harbor Freight Lines

TRUCKLOAD

Schneider National Carriers
Swift Transportation
Werner Enterprises
U.S. Xpress Enterprises
Landstar System
Knight Transportation
Crete Carrier Corp.
Con-way Truckload
TransForce Inc.
Greatwide Truckload
Dart Transit Co.
Interstate Distributor Co.
Heartland Express
J.B. Hunt Truck
Western Express
Covenant Transport
Celadon Group
CRST Van Expedited
Groupe Robert
NFI Transportation
Mullen Group
USA Truck
P.A.M. Transportation Services
Gordon Trucking Inc.
Challenger Group
Super Service LLC
Mesilla Valley Transportation
Koch Companies
Epes Carriers
Day and Ross Transportation Group
Transport America
Cowan Systems
Paschall Truck Lines
Clarke Inc.
Falcon Transport
Tango Transport
Roehl Transport
SLH Transport
G&P Trucking
TransX
CalArk Inc.
USF Glen Moore

March 25, 2011

Phil J. Gaines
9207 W. 140th Terrace
Overland Park, KS 66221

Dear Phil:

I am pleased to confirm your new role as Senior Vice President - Chief Financial Officer of YRC Inc. In this role you will report to Mike Smid, President of YRC Inc. with a strong dotted line reporting relationship to the Chief Financial Officer of YRC Worldwide Inc.

Upon assuming this role, your salary will be increased to an annualized rate of \$340,000. In addition, the company commits there will be no adverse change in your title or reduction in benefits and perquisites or eligibility under the company's executive severance policy and your executive severance agreement through March 31, 2012, other than as outlined below. In light of benefits resulting from the company's prior restructuring of its finance functions, and the company's desire to retain you while it works to complete its comprehensive financial restructuring and through the remainder of 2011, you will also receive a one-time cash payment of \$229,500 in connection with your assumption of the role described above, less appropriate taxes, fully earned and payable April 1, 2011 (the "April Payment").

You are eligible to receive severance benefits under the company's executive severance policy and your executive severance agreement, in each case as modified by the terms of this letter. This letter amends, restates, replaces and supersedes any other prior agreements and understandings between you and the company related to severance benefits. If the terms of this letter conflict with the terms of the company's executive severance policy or your executive severance agreement, the terms of this letter will control.

Contingent on you accepting this new role, the company stipulates and agrees to the following:

- If you voluntarily leave the company before December 31, 2011, you will forfeit and not be eligible to receive any severance benefits outlined in the company's executive severance policy but you will retain the April Payment.
- If you are involuntarily terminated as a result of elimination of your position, a restructuring of the company or a reduction in force, or you are involuntarily terminated without cause (as defined in the company's executive severance policy) before March 31, 2012, you will be eligible to receive severance benefits according to the standard terms and conditions of the company's executive severance policy currently in effect, except that your cash severance payments would be limited to \$382,500 (payable over 15 months from your termination date) due to the April Payment.
- If you voluntarily leave the company after December 31, 2011 and before March 31, 2012, you will be eligible to receive severance benefits according to the standard terms and conditions of the company's executive severance policy currently in effect, except that your cash severance payments would be limited to \$382,500 (payable over 15 months from your termination date) due to the April Payment.

- If a change of control transaction (as defined in your executive severance agreement) occurs prior to March 31, 2012, you may elect to voluntarily leave the company within 90 days from transaction close and you will be eligible to receive severance benefits pursuant to the terms of your executive severance agreement, except that your cash termination payment will be reduced by the April Payment. The compensation provided under your executive severance agreement is paid on a lump sum basis.
- If you remain employed with the company after March 31, 2012, you will be eligible for severance benefits pursuant to the terms of your executive severance agreement and the company's executive severance policy in effect at that time without the adjustments noted above.

Please let me know if you have any questions about the offer, or suggestions on the role itself.

Sincerely,

/s/ Bill Zollars

Bill Zollars

C: Mike Smid
Jim Kissinger

I acknowledge and accept the terms outlined in this letter:

/s/ Phil Gaines

3/28/11

Phil Gaines

Date

Written Description of Compensatory Arrangement with William L. Trubeck

On March 7, 2011, YRC Worldwide Inc. (the "Company") announced the appointment of William L. Trubeck as the Company's Interim Executive Vice President and Chief Financial Officer effective as of March 31, 2011. From March 7, 2011 through March 31, 2011, Mr. Trubeck provided certain consulting services in his role as a director of the Company to provide for an orderly transition of the chief financial officer role at the Company.

In exchange for these services and in addition to fees received as a director, Mr. Trubeck receives \$50,000 per month, plus reimbursement of travel and other business expenses.

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 quarterly 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: May 10, 2011

/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, William L. Trubeck, certify that:

- (1) I have reviewed this quarterly 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: May 10, 2011

/s/ William L. Trubeck

William L. Trubeck
Interim Executive Vice President,
Chief Financial Officer & Treasurer

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 March 31, 2011, as filed with the Securities and Exchange Commission on 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: May 10, 2011

/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 March 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William L. Trubeck, 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: May 10, 2011

/s/ William L. Trubeck

William L. Trubeck
Interim Executive Vice President,
Chief Financial Officer & Treasurer