

**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, 2016

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)

48-0948788

(I.R.S. Employer
Identification No.)

10990 Roe Avenue, Overland Park, Kansas

(Address of principal executive offices)

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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.

<u>Class</u>	<u>Outstanding at April 22, 2016</u>
Common Stock, \$0.01 par value per share	33,256,401 shares

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 184.9	\$ 173.8
Restricted amounts held in escrow	20.5	58.8
Accounts receivable, net	463.5	427.4
Prepaid expenses and other	84.3	74.4
Total current assets	753.2	734.4
Property and Equipment:		
Cost	2,824.1	2,822.8
Less – accumulated depreciation	(1,907.3)	(1,885.5)
Net property and equipment	916.8	937.3
Intangibles, net	36.5	40.4
Restricted amounts held in escrow	74.5	63.4
Deferred income taxes, net	23.0	23.0
Other assets	59.8	80.9
Total Assets	\$ 1,863.8	\$ 1,879.4
Liabilities and Shareholders' Deficit		
Current Liabilities:		
Accounts payable	\$ 164.7	\$ 161.1
Wages, vacations and employee benefits	188.3	195.1
Deferred income taxes, net	23.0	23.0
Claims and insurance accruals	123.0	125.0
Other accrued taxes	31.3	29.8
Other current and accrued liabilities	28.8	23.6
Current maturities of long-term debt	16.0	15.9
Total current liabilities	575.1	573.5
Other Liabilities:		
Long-term debt, less current portion	1,044.2	1,046.5
Deferred income taxes, net	3.8	3.7
Pension and postretirement	341.2	339.9
Claims and other liabilities	292.2	295.2
Commitments and contingencies		
Shareholders' Deficit:		
Preferred stock, \$1 par value per share	—	—
Common stock, \$0.01 par value per share	0.3	0.3
Capital surplus	2,313.9	2,312.6
Accumulated deficit	(2,251.3)	(2,239.3)
Accumulated other comprehensive loss	(362.9)	(360.3)
Treasury stock, at cost (410 shares)	(92.7)	(92.7)
Total shareholders' deficit	(392.7)	(379.4)
Total Liabilities and Shareholders' Deficit	\$ 1,863.8	\$ 1,879.4

The accompanying notes are an integral part of these statements.

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

	Three Months	
	2016	2015
Operating Revenue	\$ 1,120.3	\$ 1,186.4
Operating Expenses:		
Salaries, wages and employee benefits	698.1	707.3
Operating expenses and supplies	190.2	228.2
Purchased transportation	115.5	133.4
Depreciation and amortization	40.7	41.6
Other operating expenses	62.7	70.9
(Gains) losses on property disposals, net	(0.3)	1.3
Total operating expenses	1,106.9	1,182.7
Operating Income	13.4	3.7
Nonoperating Expenses:		
Interest expense	26.1	27.6
Other, net	1.1	(3.7)
Nonoperating expenses, net	27.2	23.9
Loss before income taxes	(13.8)	(20.2)
Income tax (benefit) expense	(1.8)	1.4
Net loss	(12.0)	(21.6)
Other comprehensive loss, net of tax	(2.6)	(0.6)
Comprehensive Loss Attributable to YRC Worldwide Inc.	\$ (14.6)	\$ (22.2)
Average Common Shares Outstanding – Basic	32,264	30,799
Average Common Shares Outstanding – Diluted	32,264	30,799
Loss Per Share – Basic	\$ (0.37)	\$ (0.70)
Loss Per Share – Diluted	\$ (0.37)	\$ (0.70)

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 millions)
(Unaudited)

	2016	2015
Operating Activities:		
Net loss	\$ (12.0)	\$ (21.6)
Noncash items included in net loss:		
Depreciation and amortization	40.7	41.6
Noncash equity based compensation and employee benefits expense	5.2	4.5
(Gains) losses on property disposals, net	(0.3)	1.3
Gain on disposal of equity method investment	(2.3)	—
Other noncash items, net	4.4	1.7
Changes in assets and liabilities, net:		
Accounts receivable	(35.2)	(46.4)
Accounts payable	(0.8)	25.6
Other operating assets	(6.9)	(7.1)
Other operating liabilities	(3.9)	(25.4)
Net cash used in operating activities	(11.1)	(25.8)
Investing Activities:		
Acquisition of property and equipment	(19.8)	(21.3)
Proceeds from disposal of property and equipment	4.4	5.5
Restricted escrow receipts	27.2	21.0
Restricted escrow deposits	—	(10.0)
Proceeds from disposal of equity method investment, net	14.6	—
Other, net	—	0.4
Net cash provided by (used in) investing activities	26.4	(4.4)
Financing Activities:		
Repayments of long-term debt	(4.2)	(4.5)
Net cash used in financing activities	(4.2)	(4.5)
Net Increase (Decrease) In Cash and Cash Equivalents	11.1	(34.7)
Cash and Cash Equivalents, Beginning of Period	173.8	171.1
Cash and Cash Equivalents, End of Period	\$ 184.9	\$ 136.4
Supplemental Cash Flow Information:		
Interest paid	\$ (19.8)	\$ (25.6)
Income tax refund (payment), net	(1.4)	2.2
Debt redeemed for equity consideration	—	17.9

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, 2016
(Amounts in millions)
(Unaudited)

Preferred Stock:	
Beginning and ending balance	\$ —
Common Stock:	
Beginning and ending balance	\$ 0.3
Capital Surplus:	
Beginning balance	\$ 2,312.6
Equity-based compensation	1.3
Ending balance	\$ 2,313.9
Accumulated Deficit:	
Beginning balance	\$ (2,239.3)
Net loss	(12.0)
Ending balance	\$ (2,251.3)
Accumulated Other Comprehensive Loss:	
Beginning balance	\$ (360.3)
Reclassification of net pension actuarial losses to net income, net of tax	3.4
Foreign currency translation adjustments	4.4
Reclassification of foreign currency translation gains to net loss	\$ (10.4)
Ending balance	\$ (362.9)
Treasury Stock, At Cost:	
Beginning and ending balance	\$ (92.7)
Total Shareholders' Deficit	\$ (392.7)

The accompanying notes are an integral part of these statements.

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

Certain of these Notes to Consolidated Financial Statements contain forward-looking statements, as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Cautionary Note Regarding Forward-Looking Statements.”

1. Description of Business

YRC Worldwide Inc. (also referred to as “YRC Worldwide,” the “Company,” “we,” “us” or “our”) is a holding company that, through wholly owned operating subsidiaries, offers its customers a wide range of transportation services. We have one of the largest, most comprehensive less-than-truckload (“LTL”) networks in North America with local, regional, national and international capabilities. Through our team of experienced service professionals, we offer expertise in LTL shipments and flexible supply chain solutions, ensuring customers can ship industrial, commercial and retail goods with confidence. Our reporting segments include the following:

- YRC Freight is the reporting segment that focuses on longer haul business opportunities with national, regional and international services. YRC Freight provides for the movement of industrial, commercial and retail goods, primarily through centralized management. This reporting segment includes YRC Inc. (“YRC Freight”), a U.S. LTL subsidiary, and Reimer Express (“YRC Reimer”), a subsidiary located in Canada that specializes in shipments into, across and out of Canada. In addition to the United States and Canada, YRC Freight also serves parts of Mexico, Puerto Rico and Guam.
- Regional Transportation is the reporting segment for our transportation service providers focused on business opportunities in the regional and next-day delivery markets. Regional Transportation is comprised of USF Holland Inc. (“Holland”), New Penn Motor Express, Inc. (“New Penn”) and USF Reddaway Inc. (“Reddaway”). These companies each provide regional, next-day ground services in their respective regions through a network of facilities located across the United States, Canada, Mexico and Puerto Rico.

At March 31, 2016, approximately 78% of our labor force is subject to collective bargaining agreements, which predominantly expire in March 2019.

2. Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of YRC Worldwide and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. We report on a calendar year basis. The quarters of the Regional Transportation companies (with the exception of New Penn) consist of thirteen weeks that end on a Saturday either before or after the end of March, June and September, whereas all other operating segment quarters end on the natural calendar quarter end. Our investment in our Chinese joint venture, a non-majority owned affiliate, was sold in March 2016 and accounted for on the equity method.

We make 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 our opinion, we have made 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. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) 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, 2015.

Fair Value of Financial Instruments

The following table summarizes the fair value hierarchy of our financial assets and liabilities carried at fair value on a recurring basis as of March 31, 2016:

(in millions)	Total Carrying Value	Fair Value Measurement Hierarchy		
		Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Restricted amounts held in escrow-current	\$ 20.5	\$ 20.5	\$ —	\$ —
Restricted amounts held in escrow-long term	74.5	74.5	—	—
Total assets at fair value	\$ 95.0	\$ 95.0	\$ —	\$ —

Restricted amounts held in escrow are invested in money market accounts and are recorded at fair value based on quoted market prices. The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these instruments.

Equity Method Investment

On October 23, 2015, the Company entered into a sale and purchase agreement to sell its fifty percent equity interest in its Chinese joint venture, JHJ International Transportation Co., Ltd. (“JHJ”), for a purchase price of \$16.3 million, which subsequently closed on March 30, 2016. At closing, we received proceeds of \$16.3 million and paid transaction fees of \$1.7 million. As of March 30, 2016, the carrying value of the investment was \$22.7 million with an offsetting cumulative foreign translation adjustment of \$10.4 million, resulting in a net gain on the transaction of \$2.3 million. The gain on the transaction is reflected in “Nonoperating expense - other, net” in the accompanying statement of consolidated comprehensive loss.

Reclassifications Out of Accumulated Other Comprehensive Loss

For the three months ended March 31, 2016 and 2015, we reclassified the amortization of our net pension loss totaling \$3.4 million and \$4.1 million, respectively, net of tax, from accumulated other comprehensive loss to net loss. This reclassification is a component of net periodic pension cost and is discussed in the “Employee Benefits” footnote.

Impact of Recently Issued Accounting Standards

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, statutory tax withholding requirements, and classification of related amounts within the statement of cash flows. The new standard will become effective for the Company beginning with the first quarter of 2017, with early adoption permitted. The Company is currently evaluating the impacts the adoption of this accounting guidance will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize most leases, including operating leases, on-balance sheet via a right of use asset and lease liability. Lessees are permitted to make an accounting policy election to not recognize an asset or liability for leases with a term of 12 months or less. Additional qualitative and quantitative disclosures will be required. The new standard will be effective for the Company for its annual reporting period beginning January 1, 2019, including interim periods within that reporting period. Early application is permitted. The ASU requires a modified retrospective transition, which means the Company will be required to apply the new guidance at the beginning of the earliest period presented in the financial statements; however, companies may elect to apply certain practical expedients on transition. The Company is currently evaluating the impacts of this new standard to its consolidated balance sheets, results of operations and related disclosures.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers, Deferral of the Effective date*, which defers the effective date of ASU 2014-9, *Revenue from Contracts with Customers*. The new standard will supersede much of the previous requirements in ASU-605, *Revenue Recognition* and most industry specific guidance and introduces a five-step model to determine when and how revenue is recognized. The premise of the new model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will be effective for the Company for its annual reporting period beginning January 1, 2018, including interim periods within that reporting period. Early application is permitted for annual periods beginning January 1, 2017. Entities are allowed to transition to the new standard by either recasting prior periods or

recognizing the cumulative effect. The Company continues to assess the method of application and impact, if any, on our consolidated balance sheets, results of operations and related disclosures.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest*, which required debt issue costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the accounting treatment for debt discounts. The Company adopted the standard as of January 1, 2016 and applied it retrospectively. The December 31, 2015 consolidated balance sheet was adjusted to reflect the reclassification of \$15.2 million in debt issuance costs from “Other assets” to “Long-term debt.” There was no other impact as a result of the adoption of this standard.

3. Debt and Financing

Our outstanding debt as of March 31, 2016 consisted of the following:

As of March 31, 2016 (in millions)	Par Value	Discount	Debt Issuance Costs	Book Value	Stated Interest Rate	Average Effective Interest Rate
Term Loan	\$ 684.3	\$ (3.9)	\$ (11.7)	\$ 668.7	8.00% ^(a)	8.20%
ABL Facility	—	—	—	—	N/A	N/A
Secured Second A&R CDA	44.0	—	(0.3)	43.7	3.3-18.3%	7.3%
Unsecured Second A&R CDA	73.2	—	(0.4)	72.8	3.3-18.3%	7.3%
Lease financing obligations	276.6	—	(1.6)	275.0	9.0-18.2%	12.0%
Total debt	\$ 1,078.1	\$ (3.9)	\$ (14.0)	\$ 1,060.2		
Current maturities of Term Loan	(7.0)	—	—	(7.0)		
Current maturities of lease financing obligations	(9.0)	—	—	(9.0)		
Long-term debt	\$ 1,062.1	\$ (3.9)	\$ (14.0)	\$ 1,044.2		

^(a) Variable interest rate of 1, 3 or 6-month LIBOR, with a floor of 1.0% plus a fixed margin of 7.0% if the total leverage ratio is equal to or less than 3.25 to 1.00, or 7.25% if the total leverage ratio is higher than 3.25 to 1.00.

ABL Facility Availability

Our principal sources of liquidity are cash and cash equivalents, available borrowings under our ABL Facility and net cash flow from operations. As of March 31, 2016, we had cash and cash equivalents of \$184.9 million and the borrowing base and maximum availability on our asset based loan facility (the “ABL Facility”) were \$442.9 million and \$81.5 million, respectively. The maximum availability is calculated in accordance with the terms of the ABL Facility and is derived by reducing the borrowing base by our \$361.4 million of outstanding letters of credit. While our ABL Agreement permits us to access maximum availability outside of certain financial covenant restrictions (which restrictions did not limit our availability as of March 31, 2016), the maximum amount we expect to access on our ABL Facility at any time is maximum availability less the lower of 10% of the borrowing base (\$44.3 million at March 31, 2016) or 10% of the collateral line cap (\$45.0 million at March 31, 2016). Thus, of the \$81.5 million in maximum availability, we expected to access no more than \$37.2 million as of March 31, 2016 (“Managed Accessibility”). As a result, we had cash and cash equivalents and Managed Accessibility of \$222.1 million as of March 31, 2016.

Credit Facility Covenants

The credit agreement (the “Term Loan Agreement”) governing our term loan facility (the “Term Loan”) has certain financial covenants, as amended in September 2014, that, among other things, restricts certain capital expenditures and requires us to maintain a maximum total leverage ratio (defined as Consolidated Total Debt divided by Consolidated Adjusted EBITDA, each as defined below).

Our total maximum leverage ratio covenants are as follows:

Four Consecutive Fiscal Quarters Ending	Maximum Total Leverage Ratio	Four Consecutive Fiscal Quarters Ending	Maximum Total Leverage Ratio
March 31, 2016	4.00 to 1.00	March 31, 2017	3.25 to 1.00
June 30, 2016	3.75 to 1.00	June 30, 2017	3.25 to 1.00
September 30, 2016	3.75 to 1.00	September 30, 2017	3.25 to 1.00
December 31, 2016	3.50 to 1.00	December 31, 2017 and thereafter	3.00 to 1.00

Consolidated Adjusted EBITDA, defined in our Term Loan Agreement as “Consolidated EBITDA,” is a measure that reflects our earnings before interest, taxes, depreciation, and amortization expense, and is further adjusted for, among other things, letter of credit fees, equity-based compensation expense, net gains or losses on property disposals, restructuring professional fees, nonrecurring consulting fees, expenses associated with certain lump sum payments to our International Brotherhood of Teamsters (“IBT”) employees and the results of permitted dispositions and discontinued operations. Consolidated Total Debt, as defined in our Term Loan Agreement, is the aggregate principal amount of indebtedness outstanding. Our total leverage ratio for the four consecutive fiscal quarters ending March 31, 2016 was 3.20 to 1.00.

We believe that our results of operations will be sufficient to allow us to comply with the covenants in the Term Loan Agreement, fund our operations, increase working capital as necessary to support our planned revenue growth and fund capital expenditures for at least the next twelve months. In order for us to maintain compliance with the maximum total leverage ratio over the tenor of the Term Loan and satisfy our liquidity needs, we must achieve slight improvement over our recent results. Improvements to our profitability may include ongoing successful implementation and realization of pricing, productivity and efficiency initiatives, as well as increased volume, some of which are outside of our control.

Fair Value Measurement

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

(in millions)	March 31, 2016		December 31, 2015	
	Book Value	Fair value	Book Value	Fair value
Term Loan	\$ 668.7	\$ 555.0	\$ 669.0	\$ 594.6
Lease financing obligations	275.0	253.1	276.3	282.9
Second A&R CDA	116.5	95.1	117.1	102.1
Total debt	\$ 1,060.2	\$ 903.2	\$ 1,062.4	\$ 979.6

The fair values of the Term Loan and the Secured and Unsecured Second Amended and Restated Contribution Deferral Agreement (the “Second A&R CDA”) were estimated based on observable prices (level two inputs for fair value measurements). The fair value of the lease financing obligations is estimated using a publicly traded secured loan with similar characteristics (level three input for fair value measurement).

Leases

As of March 31, 2016, our minimum rental expense under operating leases for the remainder of the year was \$67.2 million. As of March 31, 2016, our operating lease payment obligations through 2030 totaled \$290.2 million and is expected to increase as we lease additional revenue equipment. Additionally, for the three months ended March 31, 2016, we entered into new operating leases for revenue equipment totaling \$29.5 million in future lease payments, payable over an average lease term of five years.

Our capital expenditures for the three months ended March 31, 2016 and 2015 were \$19.8 million and \$21.3 million, respectively. These amounts were principally used to fund the purchase of used tractors and trailers, to refurbish engines for our revenue fleet, and capitalized costs for technology infrastructure.

4. Employee Benefits

Qualified and Nonqualified Defined Benefit Pension Plans

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

(in millions)	Three Months	
	2016	2015
Service cost	\$ 1.6	\$ 1.2
Interest cost	14.0	14.3
Expected return on plan assets	(14.1)	(15.0)
Amortization of net pension loss	3.4	4.0
Total periodic pension cost	\$ 4.9	\$ 4.5

We expect to contribute \$45.3 million to our company-sponsored pension plans in 2016 of which we have contributed \$0.2 million through March 31, 2016.

Performance Incentive Awards

The Company granted performance stock units in February 2016 that will be settled in cash as the stock units vest equally over the next three years, with the first vesting occurring in February 2017. The awards will be liability classified and remeasured to fair value at each reporting date until settlement.

5. Income Taxes

Our effective tax rate for the three months ended March 31, 2016 was 13.0%, compared to (6.9)% for the three months ended March 31, 2015. The significant items impacting the 2016 rate include a provision for federal alternative minimum tax, a net state and foreign tax provision, certain permanent items, and a change in the valuation allowance established for the net deferred tax asset balance projected for December 31, 2016. The significant items impacting the 2015 rate include a net state and foreign tax provision, certain permanent items, and a change in the valuation allowance established for the net deferred tax asset balance projected for December 31, 2015. We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we determine it is more likely than not such 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, 2016 and December 31, 2015, substantially all of our net deferred tax assets were subject to a valuation allowance.

6. Shareholders' Deficit

The following reflects the activity in the shares of our common stock for the three months ended March 31, 2016:

(shares in thousands)	2016
Beginning balance	32,141
Issuance of equity awards	315
Ending balance	32,456

7. Loss Per Share

Given our net loss position for the three months ended March 31, 2016 and March 31, 2015, there were no dilutive securities for these periods. At March 31, 2016 and 2015, our anti-dilutive unvested shares, options, and stock units are approximately 499,000 and 1,154,000, respectively.

8. Business Segments

We report financial and descriptive information about our reporting segments on a basis consistent with that used internally for evaluating segment performance and allocating resources to segments. We evaluate segment performance primarily on external revenue, operating income (loss), and operating ratio.

We charge management fees and other corporate service fees to our reporting segments based on the benefits received or an overhead allocation basis. Corporate and other operating losses represent residual operating expenses of the holding company. Corporate identifiable assets primarily consist of cash and cash equivalents. Intersegment revenue primarily relates to transportation services between our segments.

The following table summarizes our operations by business segment:

(in millions)	YRC Freight	Regional Transportation	Corporate/ Eliminations	Consolidated
As of March 31, 2016				
Identifiable assets	\$ 1,374.5	\$ 673.6	\$ (184.3)	\$ 1,863.8
As of December 31, 2015				
Identifiable assets	\$ 1,351.5	\$ 652.9	\$ (125.0)	\$ 1,879.4
Three Months Ended March 31, 2016				
External revenue	\$ 695.7	\$ 424.8	\$ (0.2)	\$ 1,120.3
Operating income (loss)	\$ 4.1	\$ 12.4	\$ (3.1)	\$ 13.4
Three Months Ended March 31, 2015				
External revenue	\$ 737.6	\$ 448.8	\$ —	\$ 1,186.4
Operating income (loss)	\$ 0.2	\$ 4.6	\$ (1.1)	\$ 3.7

9. Commitments, Contingencies and Uncertainties

California Labor Law Change

In October 2015, California adopted new rules governing the payment of piece-rate compensation. New California Labor Code section 226.2 sets forth requirements for the payment of a separate hourly wage for “nonproductive” time worked by piece-rate employees, and separate payment for compensable rest and recovery periods to those employees. The Company continues to assess the impact of this new law and ongoing compliance measures. We are currently unable to determine the possible loss or range of loss.

Other Legal Matters

We are involved in litigation or proceedings that arise in ordinary business activities. When possible, we insure against these risks to the extent we deem prudent, but no assurance can be given that the nature or amount of such insurance will be sufficient to fully indemnify us against liabilities arising out of pending and future legal proceedings. Many of these insurance policies contain self-insured retentions in amounts we deem prudent. Based on our current assessment of information available as of the date of these financial statements, we believe that our financial statements include adequate provisions for estimated costs and losses that may be incurred within the litigation and proceedings to which we are a party.

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

Cautionary Note Regarding Forward-Looking Statements

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 included elsewhere in this report. MD&A and certain Notes to the 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 ("Exchange Act"). Forward-looking statements include those preceded by, followed by or characterized by words such as "will," "expect," "intend," "anticipate," "believe," "could," "may," "project," "forecast," "propose," "plan," "designed," "estimate," "enable" and similar expressions which speak only as of the date the statement was made. Forward-looking statements are inherently uncertain, are based upon current beliefs, assumptions and expectations of Company management and current market conditions, and are subject to significant business, economic, competitive, regulatory and other risks, uncertainties and contingencies, known and unknown, many of which are beyond our control. Readers are cautioned not to place undue reliance on any forward-looking statements. Our future financial condition and results could differ materially from those predicted in such forward-looking statements because of a number of factors, including (without limitation):

- the uncertainty in the overall economy, including (without limitation) customer demand in the retail and manufacturing sectors;
- the success of our management team in implementing its strategic plan and continued operational and productivity improvements, including (without limitation) our continued ability to meet quality delivery performance standards and our ability to increase volume and yield, and the impact of those improvements on our future liquidity and profitability;
- our ability to generate sufficient liquidity to satisfy our cash needs and future cash commitments, including (without limitation) our obligations related to our indebtedness and lease and pension funding requirements, and our ability to achieve increased cash flows through improvement in operations;
- our ability to comply with scheduled increases in financial performance-related debt covenants;
- our ability to finance the maintenance, acquisition and replacement of revenue equipment and other necessary capital expenditures;
- our dependence on our information technology systems in our network operations and the production of accurate information, and the risk of system failure, inadequacy or security breach;
- changes in equity and debt markets;
- seasonal factors such as severe weather conditions;
- the price of fuel;
- changes in the cost of fuel or the index upon which we base our fuel surcharge and the effectiveness of our fuel surcharge program in protecting us against fuel price volatility;
- competition and competitive pressure on pricing;
- expense volatility, including (without limitation) volatility due to changes in purchased transportation service or pricing for purchased transportation;
- our ability to comply and the cost of compliance with federal, state, local and foreign laws and regulations, including (without limitation) labor laws and laws and regulations regarding the environment;
- a terrorist attack;
- labor relations, including (without limitation) our ability to attract and retain qualified drivers, the continued support of our union employees for our strategic plan, the impact of work rules, work stoppages, strikes or other disruptions, our obligations to multi-employer health, welfare and pension plans, wage requirements and employee satisfaction;
- the impact of claims and litigation to which we are or may become exposed; and
- other risks and contingencies, including (without limitation) the risk factors that are included in our reports filed with the SEC, including those described under "Risk Factors" in our annual report on Form 10-K and quarterly reports on Form 10-Q, including this quarterly report.

Overview

MD&A includes the following sections:

Our Business — a brief description of our business and a discussion of how we assess our operating results.

Consolidated Results of Operations — an analysis of our consolidated results of operations for the three months ended March 31, 2016 and 2015.

Reporting Segment Results of Operations — an analysis of our results of operations for the three months ended March 31, 2016 and 2015 for our YRC Freight and Regional Transportation reporting segments.

Certain Non-GAAP Financial Measures — an analysis of selected non-GAAP financial measures for the three months ended March 31, 2016 and 2015 and trailing twelve months ended March 31, 2016 and 2015.

Financial Condition/Liquidity and Capital Resources — a discussion of our major sources and uses of cash and an analysis of our cash flows and aggregate contractual obligations and commercial commitments.

The “first quarter” of the years discussed below refer to the three months ended March 31, respectively.

Our Business

YRC Worldwide is a holding company that, through wholly owned operating subsidiaries, offers our customers a wide range of transportation services. YRC Worldwide has one of the largest, most comprehensive LTL networks in North America with local, regional, national and international capabilities. Through its team of experienced service professionals, YRC Worldwide offers industry-leading expertise in LTL shipments and flexible supply chain solutions, ensuring customers can ship industrial, commercial and retail goods with confidence.

We measure the performance of our business on both a consolidated basis and a reporting segment basis. We use several performance metrics, but rely primarily upon (without limitation) operating revenue, operating income (loss), and operating ratio. We also use certain non-GAAP financial measures as secondary measures to assess our operating performance.

- **Operating Revenue:** Our operating revenue has two primary components: volume (commonly evaluated using number of shipments and weight per shipment) and yield or price (commonly evaluated on a dollar-per-hundred weight basis and a dollar-per-shipment basis). Yield includes fuel surcharge revenue, which is common in the trucking industry and represents an amount charged 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 our adjustment of base rates in response to changes in fuel surcharge. We believe that 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 numerous 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 Income (Loss):** Operating income (loss) is our operating revenue less operating expenses. Our consolidated operating income (loss) includes certain corporate charges that are not allocated to our YRC Freight and Regional Transportation reporting segments.
- **Operating Ratio:** Operating ratio is a common operating performance metric used in the trucking industry. It is calculated as (i) 100 percent (ii) minus the result of dividing operating income by operating revenue or (iii) plus the result of dividing operating loss by operating revenue, and expressed as a percentage.
- **Non-GAAP Financial Measures:** We use certain non-GAAP financial measures to assess our performance. These include (without limitation) EBITDA and adjusted EBITDA:
 - *EBITDA:* a non-GAAP measure that reflects our earnings before interest, taxes, depreciation, and amortization expense. EBITDA is used for internal management purposes as a financial measure that reflects our core operating performance.

- *Adjusted EBITDA*: a non-GAAP measure that reflects our earnings before interest, taxes, depreciation, and amortization expense, and further adjusts for letter of credit fees, equity-based compensation expense, net gains or losses on property disposals, restructuring professional fees, non-recurring consulting fees, expenses associated with certain lump sum payments to our IBT employees and the results of permitted dispositions, discontinued operations, among other items, as defined in our credit facilities. Adjusted EBITDA is used for internal management purposes as a financial measure that reflects our core operating performance, to measure compliance with financial covenants in our credit facilities and to pay certain executive bonus compensation.

Our non-GAAP financial measures have the following limitations:

- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or fund principal payments on our outstanding debt;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to fund restructuring professional fees, nonrecurring consulting fees, letter of credit fees, service interest, principal payments on our outstanding debt or lump sum payments to our IBT employees required under the Memorandum of Understanding;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and EBITDA and Adjusted EBITDA do 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 employee equity-based compensation 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, potentially limiting its usefulness as a comparative measure.

Because of these limitations, our non-GAAP measures 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 use our non-GAAP measures as secondary measures.

Consolidated Results of Operations

Our consolidated results include the consolidated results of our YRC Freight and Regional Transportation reporting segments as well as any unallocated corporate charges. A more detailed discussion of the operating results of our segments is presented in the “Reporting Segment Results of Operations” section below.

The table below provides summary consolidated financial information for the first quarter of 2016 and 2015:

(in millions)	First Quarter		
	2016	2015	Percent Change
Operating revenue	\$ 1,120.3	\$ 1,186.4	(5.6)%
Operating income	\$ 13.4	\$ 3.7	NM*
Nonoperating expenses, net	\$ 27.2	\$ 23.9	13.8 %
Net loss	\$ (12.0)	\$ (21.6)	44.4 %

(*) not meaningful

First Quarter of 2016 Compared to the First Quarter of 2015

Our consolidated operating revenue decreased \$66.1 million, or 5.6%, during the first quarter of 2016 compared to the same period in 2015. The decrease in revenue is primarily attributed to a reduction in fuel surcharge revenue and declines in volumes, partially offset by yield improvements.

Total operating expenses for the first quarter of 2016 decreased \$75.8 million, or 6.4%, compared to the same period in 2015. The decrease in total operating expenses was primarily driven by:

- The \$38.0 million, or 16.7%, decrease in operating expenses and supplies in the first quarter of 2016 was primarily the result of a \$34.4 million decrease in fuel expense compared to the first quarter of 2015. This decrease was largely driven by lower fuel prices on a per gallon basis, as well as fewer miles driven. Additionally, vehicle maintenance expense

decreased by \$4.5 million due to lower maintenance costs and fewer miles driven in the first quarter 2016, as compared to the first quarter 2015.

- The \$17.9 million, or 13.4%, decrease in purchased transportation was primarily due to a decrease in rail and local purchased transportation expense due to a reduction in shipment volumes and lower rail and road rates, which is principally related to lower fuel surcharges paid to our providers in the first quarter of 2016, as compared to the first quarter of 2015.
- The \$9.2 million, or 1.3%, decrease in salaries, wages and employee benefits was primarily attributed to a \$9.8 million decrease in salaries and wages primarily driven by a decrease in shipping volumes, which required fewer employee hours to process freight.
- The \$8.2 million, or 11.6%, decrease in other operating expenses was primarily driven by a \$6.4 million decrease in our property damage and liability claims expense as a result of more favorable development of our outstanding claims in the first quarter of 2016, as compared to the first quarter of 2015.

Nonoperating expenses increased \$3.3 million in the first quarter of 2016 compared to the first quarter of 2015 primarily driven by a \$7.5 million increase in foreign currency loss, offset by a \$2.3 million gain on the disposal of JHJ and a \$1.5 million decrease in interest expense primarily due to lower outstanding debt.

Our effective tax rate for the first quarter of 2016 and 2015 was 13.0% and (6.9)%, respectively. Significant items impacting the 2016 rate include a provision for federal alternative minimum tax, a net state and foreign tax provision, certain permanent items, and a change in the valuation allowance established for the net deferred tax asset balance projected for December 31, 2016. The significant items impacting the 2015 rate include a net state and foreign tax provision, certain permanent items, and a change in the valuation allowance established for the net deferred tax asset balance projected for December 31, 2015. We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we determine it is more likely than not that such 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, 2016 and December 31, 2015, substantially all of our net deferred tax assets are subject to a valuation allowance.

Reporting Segment Results of Operations

We evaluate our operating performance using our YRC Freight and Regional Transportation reporting segments:

- **YRC Freight** is the reporting segment that focuses on longer haul business opportunities with national, regional and international services. YRC Freight provides for the movement of industrial, commercial and retail goods, primarily through centralized management. This reporting segment includes our LTL subsidiary YRC Freight, and YRC Reimer, a subsidiary located in Canada that specializes in shipments into, across and out of Canada. In addition to the United States and Canada, YRC Freight also serves parts of Mexico, Puerto Rico and Guam.
- **Regional Transportation** is the reporting segment for our transportation service providers focused on business opportunities in the regional and next-day delivery markets. Regional Transportation is comprised of Holland, New Penn and Reddaway. These companies each provide regional, next-day ground services in their respective regions through a network of facilities located across the United States, Canada, Mexico and Puerto Rico.

YRC Freight Results

YRC Freight represented 62.1% and 62.2% of consolidated operating revenue for the first quarter of 2016 and 2015, respectively. The table below provides summary financial information for YRC Freight for the first quarter of 2016 and 2015:

(in millions)	First Quarter		
	2016	2015	Percent Change
Operating revenue	\$ 695.7	\$ 737.6	(5.7)%
Operating income	\$ 4.1	\$ 0.2	NM*
Operating ratio ^(a)	99.4%	100.0%	0.6pp

(a) pp represents the change in percentage points
 (*) not meaningful

First Quarter of 2016 Compared to the First Quarter of 2015

YRC Freight reported operating revenue of \$695.7 million in the first quarter of 2016, a decrease of \$41.9 million, or 5.7%, compared to the same period in 2015. The decrease in revenue is primarily attributed to a reduction in fuel surcharge revenue and declines in volume, partially offset by improved yield. The table below summarizes the key revenue metrics for the YRC Freight reporting segment for the first quarter of 2016 compared to the first quarter of 2015:

	First Quarter		
	2016	2015	Percent Change ^(b)
Workdays	63.5	62.5	
Total picked up revenue (in millions) ^(a)	\$ 695.6	\$ 737.4	(5.7)%
Total tonnage (in thousands)	1,485	1,566	(5.2)%
Total tonnage per day (in thousands)	23.38	25.05	(6.7)%
Total shipments (in thousands)	2,514	2,604	(3.5)%
Total shipments per day (in thousands)	39.58	41.66	(5.0)%
Total picked up revenue per hundred weight	\$ 23.42	\$ 23.55	(0.5)%
Total picked up revenue per hundred weight (excluding fuel surcharge)	\$ 21.42	\$ 20.66	3.7 %
Total picked up revenue per shipment	\$ 277	\$ 283	(2.3)%
Total picked up revenue per shipment (excluding fuel surcharge)	\$ 253	\$ 249	1.8 %
Total weight per shipment (in pounds)	1,181	1,203	(1.8)%

(in millions)	First Quarter	
	2016	2015
^(a) Reconciliation of operating revenue to total picked up revenue:		
Operating revenue	\$ 695.7	\$ 737.6
Change in revenue deferral and other	(0.1)	(0.2)
Total picked up revenue	\$ 695.6	\$ 737.4

(a) Does not equal financial statement revenue due to revenue recognition adjustments between accounting periods

(b) Percent change based on unrounded figures and not the rounded figures presented

Operating income for YRC Freight was \$4.1 million in the first quarter of 2016 compared to \$0.2 million in the first quarter of 2015, which reflects a \$41.9 million decrease in operating revenue, offset by a \$45.8 million decrease in total operating expenses.

The decrease in total operating expense consisted primarily of:

- An \$18.6 million, or 13.3%, decrease in total operating expenses and supplies in the first quarter of 2016 was primarily the result of an \$18.3 million decrease in fuel expense compared to the first quarter of 2015, which was largely driven

by lower fuel prices on a per gallon basis, fewer miles driven and improved fuel efficiency. Additionally, vehicle maintenance expense decreased by \$2.2 million due to lower maintenance costs and fewer miles driven in the first quarter 2016, as compared to the first quarter 2015. These expense reductions were partially offset by a \$4.1 million favorable legal settlement recorded in the first quarter of 2015, with no corresponding activity in the first quarter of 2016.

- A \$17.1 million, or 16.5%, decrease in purchased transportation was primarily due to a decrease in rail, local and over-the-road purchased transportation expense due to a reduction in shipment volumes and lower rail and road rates, which is principally related to lower fuel surcharges paid to our providers, in the first quarter of 2016, as compared to the first quarter of 2015.
- A \$6.0 million, or 1.4%, decrease in salaries, wages and employee benefits was driven by a \$7.3 million decrease in salaries and wages primarily driven by a decrease in shipping volumes, which required fewer employee hours to process freight and improved employee productivity.

Regional Transportation Results

Regional Transportation represented 37.9% and 37.8% of consolidated revenue in the first quarter of 2016 and 2015, respectively. The table below provides summary financial information for Regional Transportation for the first quarter of 2016 and 2015:

(in millions)	First Quarter		
	2016	2015	Percent Change
Operating revenue	\$ 424.8	\$ 448.8	(5.3)%
Operating income	\$ 12.4	\$ 4.6	169.6 %
Operating ratio ^(a)	97.1%	99.0%	1.9pp

(a) pp represents the change in percentage points

First Quarter of 2016 Compared to the First Quarter of 2015

Regional Transportation reported operating revenue of \$424.8 million for the first quarter of 2016, a decrease of \$24.0 million, or 5.3%, from the first quarter of 2015. The decrease in revenue is primarily attributed to a reduction in fuel surcharge revenue and declines in volume, partially offset by improved yield. The table below summarizes the key revenue metrics for the Regional Transportation reporting segment for the first quarter of 2016 compared to the first quarter of 2015:

	First Quarter		Percent Change ^(b)
	2016	2015	
Workdays	64.5	64.5	
Total picked up revenue (in millions) ^(a)	\$ 425.1	\$ 449.1	(5.3)%
Total tonnage (in thousands)	1,900	1,976	(3.8)%
Total tonnage per day (in thousands)	29.46	30.64	(3.8)%
Total shipments (in thousands)	2,558	2,617	(2.3)%
Total shipments per day (in thousands)	39.65	40.58	(2.3)%
Total picked up revenue per hundred weight	\$ 11.19	\$ 11.36	(1.6)%
Total picked up revenue per hundred weight (excluding fuel surcharge)	\$ 10.27	\$ 10.03	2.4 %
Total picked up revenue per shipment	\$ 166	\$ 172	(3.1)%
Total picked up revenue per shipment (excluding fuel surcharge)	\$ 153	\$ 151	0.8 %
Total weight per shipment (in pounds)	1,486	1,510	(1.6)%

(in millions)	First Quarter	
	2016	2015
^(a) Reconciliation of operating revenue to total picked up revenue:		
Operating revenue	\$ 424.8	\$ 448.8
Change in revenue deferral and other	0.3	0.3
Total picked up revenue	\$ 425.1	\$ 449.1

(a) Does not equal financial statement revenue due to revenue recognition adjustments between accounting periods

(b) Percent change based on unrounded figures and not the rounded figures presented

Operating income for Regional Transportation was \$12.4 million for the first quarter of 2016, an increase of \$7.8 million from the same period in 2015, which reflects a \$24.0 million decrease in revenue, offset by a \$31.8 million decrease in total operating expenses.

The decrease in total operating expenses was primarily driven by:

- A \$19.2 million, or 20.0%, decrease in operating expenses and supplies in the first quarter of 2016 was primarily the result of a \$16.1 million decrease in fuel expense compared to the first quarter of 2015. This decrease was largely driven by lower fuel prices on a per gallon basis and fewer miles driven.
- A \$6.0 million, or 19.5%, decrease in other operating expense was primarily driven by a \$5.2 million decrease in our property damage and liability claims expense as a result of more favorable development on our prior year claims in the first quarter of 2016, as compared to the first quarter of 2015.
- A \$5.3 million, or 2.0%, decrease in salaries, wages and employee benefits was driven by a \$4.5 million decrease in salaries and wages primarily driven by a decrease in shipping volumes, which required fewer employee hours to process freight.

Certain Non-GAAP Financial Measures

As discussed in the “Our Business” section, we use certain non-GAAP financial measures to assess performance. These measures should be considered in addition to the results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, our GAAP financial measures. For segment adjusted EBITDA, we present the reconciliation from operating income (loss) to Adjusted EBITDA as it is consistent with how we measure performance.

Consolidated Adjusted EBITDA

The reconciliation of net income (loss) to EBITDA and EBITDA to Adjusted EBITDA (defined in our Term Loan Agreement as “Consolidated EBITDA”) for the first quarter of 2016 and 2015, and the trailing twelve months ended March 31, 2016 and 2015, is as follows:

(in millions)	First Quarter		Trailing Twelve Months Ended	Trailing Twelve Months Ended
	2016	2015	March 31, 2016	March 31, 2015
Reconciliation of net income (loss) to Adjusted EBITDA:				
Net income (loss)	\$ (12.0)	\$ (21.6)	\$ 10.3	\$ (19.1)
Interest expense, net	26.0	27.4	105.7	118.7
Income tax expense (benefit)	(1.8)	1.4	(8.3)	(10.6)
Depreciation and amortization	40.7	41.6	162.8	164.2
EBITDA	52.9	48.8	270.5	253.2
Adjustments for Term Loan Agreement:				
(Gains) losses on property disposals, net	(0.3)	1.3	0.3	(10.8)
Letter of credit expense	2.2	2.2	8.8	9.1
Restructuring professional fees	—	—	0.2	3.1
Nonrecurring consulting fees	—	2.9	2.2	2.9
Permitted dispositions and other	—	0.2	0.2	1.8
Equity based compensation expense	1.8	0.5	9.8	8.2
Amortization of ratification bonus	4.6	5.2	18.3	20.8
Loss on extinguishment of debt	—	0.6	—	0.6
Non-union pension settlement charge	—	—	28.7	—
Other, net ^(a)	1.7	(2.9)	(1.6)	(8.5)
Adjusted EBITDA	\$ 62.9	\$ 58.8	\$ 337.4	\$ 280.4

^(a) As required under our Term Loan Agreement, other, net, shown above consists of the impact of certain items to be included in Adjusted EBITDA.

Segment Adjusted EBITDA

The following represents Adjusted EBITDA by segment for the first quarter of 2016 and 2015:

(in millions)	First Quarter	
	2016	2015
Adjusted EBITDA by segment:		
YRC Freight	\$ 30.1	\$ 32.1
Regional Transportation	33.4	26.2
Corporate and other	(0.6)	0.5
Adjusted EBITDA	\$ 62.9	\$ 58.8

The reconciliation of operating income (loss), by segment, to Adjusted EBITDA for the first quarter of 2016 and 2015 is as follows:

YRC Freight segment (in millions)	First Quarter	
	2016	2015
Reconciliation of operating income to Adjusted EBITDA:		
Operating income	\$ 4.1	\$ 0.2
Depreciation and amortization	22.7	23.9
Gains on property disposals, net	(0.8)	(0.2)
Letter of credit expense	1.4	1.5
Nonrecurring consulting fees	—	2.9
Amortization of ratification bonus	3.0	3.3
Other, net ^(a)	(0.3)	0.5
Adjusted EBITDA	\$ 30.1	\$ 32.1

^(a) As required under our Term Loan Agreement, other, net, shown above consists of the impact of certain items to be included in Adjusted EBITDA.

Regional Transportation segment (in millions)	First Quarter	
	2016	2015
Reconciliation of operating income to Adjusted EBITDA:		
Operating income	\$ 12.4	\$ 4.6
Depreciation and amortization	18.0	17.7
Losses on property disposals, net	0.5	1.5
Letter of credit expense	0.7	0.5
Amortization of ratification bonus	1.6	1.9
Other, net ^(a)	0.2	—
Adjusted EBITDA	\$ 33.4	\$ 26.2

^(a) As required under our Term Loan Agreement, other, net, shown above consists of the impact of certain items to be included in Adjusted EBITDA.

Corporate and other (in millions)	First Quarter	
	2016	2015
Reconciliation of operating loss to Adjusted EBITDA:		
Operating loss	\$ (3.1)	\$ (1.1)
Letter of credit expense	0.1	0.2
Permitted dispositions and other	—	0.2
Equity based compensation expense	1.8	0.5
Other, net ^(a)	0.6	0.7
Adjusted EBITDA	\$ (0.6)	\$ 0.5

^(a) As required under our Term Loan Agreement, other, net, shown above consists of the impact of certain items to be included in Adjusted EBITDA.

Liquidity and Capital Resources

Our principal sources of liquidity are cash and cash equivalents, available borrowings under our ABL Facility and any prospective net operating cash flows from operations. As of March 31, 2016, we had cash and cash equivalents of \$184.9 million and the borrowing base and maximum availability on our ABL Facility were \$442.9 million and \$81.5 million, respectively. The maximum availability is calculated in accordance with the terms of the ABL Facility and is derived by reducing the borrowing base by our \$361.4 million of outstanding letters of credit. While our ABL Agreement permits us to access maximum availability outside of certain financial covenant restrictions (which restrictions did not limit our availability as of March 31, 2016), the maximum amount we expect to access on our ABL Facility at any time is maximum availability less the lower of 10% of the borrowing base (\$44.3 million at March 31, 2016) or 10% of the collateral line cap (\$45.0 million at March 31, 2016). Thus, of the \$81.5 million in

maximum availability, our Managed Accessibility was \$37.2 million as of March 31, 2016. As a result, we had cash and cash equivalents and Managed Accessibility of \$222.1 million as of March 31, 2016.

Outside of funding normal operations, our principal uses of cash include making contributions to our single-employer pension plans and various multi-employer pension funds, and meeting our other cash obligations including, but not limited to, paying principal and interest on our funded debt, payments on our equipment leases and funding capital expenditures.

As of March 31, 2016, we had \$1,078.1 million in aggregate par value of outstanding indebtedness, the majority of which matures in 2019. We also have future funding obligations for our single-employer pension plans and various multi-employer pension funds. We expect our funding obligations for the remainder of 2016 for our single-employer pension plans and multi-employer pension funds will be \$45.1 million and \$65.7 million, respectively. In addition, we have, and will continue to have, operating lease obligations. As of March 31, 2016, our minimum rental expense under operating leases for the remainder of the year is \$67.2 million. As of March 31, 2016, our operating lease payment obligations through 2030 totaled \$290.2 million and is expected to increase as we lease additional revenue equipment. Additionally, for the first quarter of 2016, we entered into new operating leases for revenue equipment totaling \$29.5 million in future lease payments, payable over an average lease term of five years.

Our capital expenditures for the first quarter of 2016 and 2015 were \$19.8 million and \$21.3 million, respectively. These amounts were principally used to fund the purchase of used tractors and trailers, to refurbish engines for our revenue fleet and capitalized costs for technology infrastructure.

As of March 31, 2016, our Standard & Poor's Corporate Family Rating was "B-" and Moody's Investor Service Corporate Family Rating was "B3".

Credit Facility Covenants

Our Term Loan Agreement has certain financial covenants that, among other things, restricts certain capital expenditures and requires us to maintain a maximum total leverage ratio (defined as Consolidated Total Debt divided by Consolidated Adjusted EBITDA, each as defined below). Refer to the "Debt and Financing" footnote for an overview of our Term Loan covenants.

We believe that our results of operations will be sufficient to allow us to comply with the covenants in the Term Loan Agreement, fund our operations, increase working capital as necessary to support our planned revenue growth and fund capital expenditures for at least the next twelve months. In order for us to maintain compliance with the maximum total leverage ratio over the tenor of the Term Loan and satisfy our liquidity needs, we must achieve slight improvement over our recent results. Improvements to our profitability may include ongoing successful implementation and realization of pricing, productivity and efficiency initiatives, as well as increased volume, some of which are outside of our control.

Cash Flows

Operating Cash Flow

Net cash used in operating activities was \$11.1 million and \$25.8 million in the first quarter of 2016 and 2015, respectively. The improvement in operating cash flow is primarily attributable to a reduction in net loss of \$12.0 million for the first quarter of 2016 compared to a net loss of \$21.6 million for the first quarter of 2015, driven by profitability initiatives and decreased operating expenses.

Investing Cash Flow

Net cash provided by investing activities increased by \$30.8 million during the first quarter of 2016 compared to the first quarter of 2015, largely driven by a net receipt of \$27.2 million in restricted escrow refunds in 2016 compared to a net receipt of \$11.0 million in 2015. Additionally, cash flows in 2016 included \$14.6 million in net proceeds from the sale of JHJ.

Financing Cash Flow

Net cash used in financing activities for the first quarter of 2016 and 2015 was \$4.2 million and \$4.5 million, respectively, which consists solely of repayments on our long-term debt.

Contractual Obligations and Other Commercial Commitments

The following sections provide aggregated information regarding our contractual cash obligations and other commercial commitments as of March 31, 2016.

Contractual Cash Obligations

The following table reflects our cash outflows that we are contractually obligated to make as of March 31, 2016:

(in millions)	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	After 5 years	
Balance sheet obligations:					
ABL Facility ^(a)	\$ 9.0	\$ 19.1	\$ —	\$ —	\$ 28.1
Term Loan ^(b)	62.4	784.2	—	—	846.6
Lease financing obligations ^(c)	42.2	81.8	25.5	24.5	174.0
Pension deferral obligations ^(d)	8.7	17.5	123.9	—	150.1
Workers' compensation and property damage and liability claims obligations ^(e)	108.2	131.1	58.0	100.7	398.0
Operating leases ^(f)	88.2	131.0	45.8	25.2	290.2
Other contractual obligations ^(g)	14.9	0.5	0.3	—	15.7
Capital expenditures ^(h)	13.0	2.9	—	—	15.9
Total contractual obligations	\$ 346.6	\$ 1,168.1	\$ 253.5	\$ 150.4	\$ 1,918.6

(a) The ABL Facility includes future payments for the letter of credit and unused line fees and are not included on the Company's consolidated balance sheet.

(b) The Term Loan includes principal and interest payments, but excludes unamortized discounts.

(c) The lease financing obligations include interest payments of \$54.2 million and principal payments of \$119.8 million. The remaining principal obligation is offset by the estimated book value of leased property at the expiration date of each lease agreement.

(d) Pension deferral obligations includes principal and interest payments on the Second A&R CDA.

(e) The workers' compensation and property damage and liability claims obligations represent our estimate of future payments for these obligations, not all of which are contractually required.

(f) Operating leases represent future payments, which include interest, under contractual lease arrangements primarily for revenue equipment and are not included on the Company's consolidated balance sheets.

(g) Other contractual obligations includes future service agreements and certain maintenance agreements and are not included on the Company's consolidated balance sheets.

(h) Capital expenditure obligations primarily includes noncancelable purchase orders for revenue equipment not yet delivered and are not included in the Company's consolidated balance sheets.

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					
ABL Facility ^(a)	\$ —	\$ 81.5	\$ —	\$ —	\$ 81.5
Letters of credit ^(b)	—	361.4	—	—	361.4
Surety bonds ^(c)	114.8	2.1	0.1	—	117.0
Total commercial commitments	\$ 114.8	\$ 445.0	\$ 0.1	\$ —	\$ 559.9

(a) As of March 31, 2016, we held \$95.0 million in restricted escrow, which represents cash collateral on our ABL Facility. Managed Accessibility was \$37.2 million, which represents maximum availability of \$81.5 million less the lower of 10% of the borrowing base or collateral line cap.

(b) Letters of credit outstanding are generally required as collateral to support self-insurance programs and do not represent additional liabilities as the underlying self-insurance accruals are already included in our consolidated balance sheets.

(c) Surety bonds are generally required for workers' compensation to support self-insurance programs, which include certain bonds that do not have an expiration date but are redeemable on demand, and do not represent additional liabilities as the underlying self-insurance accruals are already included in our consolidated balance sheets.

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, 2015.

Item 4. Controls and Procedures

As required by the Exchange Act, we maintain disclosure controls and procedures designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive and financial officers, has evaluated our disclosure controls and procedures as of March 31, 2016 and have concluded that our disclosure controls and procedures were effective as of March 31, 2016.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2016 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 included with this quarterly report on Form 10-Q.

Item 1A. Risk Factors

There were no material changes during the quarter to the Risk Factors disclosed in Part I, Item 1A - “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2015.

Item 5. Other Information***Annual Meeting Results***

We are providing the following disclosure in lieu of providing this information in a current report on Form 8-K pursuant to Item 5.07, “Submission of Matters to a Vote of Security Holders.”

The holders of our outstanding common stock and Series A Voting Preferred Stock, par value \$1.00 per share (“Series A Preferred Stock”), voted together as a single class on all proposals at the Annual Meeting.

Each share of common stock and Series A Preferred Stock was entitled to one vote.

At the Annual Meeting, holders of our common stock and Series A Preferred Stock voted on the following proposals:

Proposal 1

Each nominee under Proposal 1 was elected to the Board of Directors.

Director Nominees	Number of Votes FOR	Number of Votes WITHHELD
Raymond J. Bromark	19,957,423	703,634
Matthew A. Doheny	19,775,390	885,667
Robert L. Friedman	19,963,327	697,730
James E. Hoffman	19,876,270	784,787
Michael J. Kneeland	19,787,825	873,232
Patricia M. Nazemetz	19,836,715	824,342
James L. Welch	19,931,013	730,044
James F. Winestock	19,943,450	717,607

Proposal 2

The advisory vote on named executive officer compensation was approved.

Number of Votes FOR	Number of Votes AGAINST	Number of Votes ABSTAINING
18,050,385	2,504,007	106,665

Proposal 3

The appointment of KPMG LLP as our independent registered public accounting firm for 2016 was ratified.

Number of Votes FOR	Number of Votes AGAINST	Number of Votes ABSTAINING
27,534,391	337,679	61,111

Item 6. Exhibits

10.1*	Form of Cash-Settled Performance Stock Unit Award Agreement
31.1*	Certification of James L. Welch filed 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 Jamie G. Pierson filed 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 James L. Welch furnished 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 Jamie G. Pierson furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* 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.

Date: April 28, 2016

/s/ James L. Welch

James L. Welch

Chief Executive Officer

Date: April 28, 2016

/s/ Jamie G. Pierson

Jamie G. Pierson

Executive Vice President and

Chief Financial Officer

**YRC WORLDWIDE INC.
CASH-SETTLED PERFORMANCE STOCK UNIT AGREEMENT**

Participant: [_____]

Grant Date: [_____]

Target Number of Performance Stock Units (the “Target PSUs”): [_____]

Maximum Number of Shares of Common Stock based upon which cash may be paid pursuant to this Agreement (the “Maximum Shares”): [_____]

* * * * *

THIS CASH-SETTLED PERFORMANCE STOCK UNIT AWARD AGREEMENT (this “Agreement”), dated as of the Grant Date specified above, is entered into by and between YRC Worldwide Inc., a corporation organized in the State of Delaware (the “Company”), and the Participant specified above, pursuant to the YRC Worldwide Inc. Amended and Restated 2011 Incentive and Equity Award Plan, as in effect and as amended from time to time (the “Plan”), which is administered by the Committee.

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Performance Stock Units (“PSUs”) provided herein to the Participant, which constitute Performance Awards under the Plan.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Plan Document Receipt.** This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the Performance Stock Unit Award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement shall control.

2. **Grant of Performance Stock Unit Award.** The Company hereby grants to the Participant, as of the Grant Date specified above, the number of Target PSUs specified above, with the amount of cash that may be paid pursuant to this Agreement to be based upon actual number of notional shares of Common Stock to be earned pursuant to this Award contingent upon satisfaction of the vesting conditions described in Section 3 hereof, subject to Section 4, which may not exceed the Maximum Shares. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant’s interest in the Company for any reason, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of the shares of Common Stock underlying the PSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. Vesting.

(a) The PSUs subject to this Award shall be subject to both a time-based vesting condition (the “Time-Based Condition”) and a performance-based vesting condition (the “Performance Condition”), as described herein. None of the PSUs (or any portion thereof) shall be “vested” for purposes of this Agreement unless and until both the Time-Based Condition and the Performance Condition for such PSUs are satisfied,

and the total number of PSUs that are vested at any given date shall equal the product of (x) the number of Target PSUs that have satisfied the Time-Based Condition as of such date and (y) the percentage at which the Performance Condition is satisfied as of such date, which, for the avoidance of doubt, shall be 0% prior to the Certification Date, rounded down to the nearest whole number of PSUs.

(i) The Time-Based Condition for the PSUs shall be satisfied as provided in the table below, subject to the Participant’s continued service with the Company or any of its Subsidiaries through such date. There shall be no proportionate or partial satisfaction of the Time-Based Condition prior to the date of such ratification, except as specifically provided in this Agreement.

<u>Vesting Date</u>	<u>Number of Target PSUs</u>
[_____] (such date the “ First Vesting Date ”)	[1/3]
The first anniversary of the First Vesting Date	[1/3]
The second anniversary of the First Vesting Date	[1/3]

(ii) The Performance Condition shall be satisfied as to the number of Target PSUs that have satisfied the Time-Based Condition as determined pursuant to the table below, subject to the Company’s satisfaction of the applicable level of performance.

<u>Level of Performance</u>	<u>Adjusted ROIC</u>	<u>Percentage of Target PSUs that have satisfied the Time-Based Condition for which the Performance Condition is Satisfied</u>
Threshold	[____]	[____]
Target	[____]	[____]
Maximum	[____]	[____]

For purposes of this Section 3(a)(ii), (A) the term “Adjusted ROIC” shall mean “Adjusted Operating Income” (defined as operating income for calendar year [____], as reported on the Company’s Statement of Consolidated Operations in its Annual Report on Form 10-K, (a) reduced by the dividends paid in the performance year, and (b) adjusted, positively or negatively (as appropriate), by the impact of (i) all payments, penalties, or other costs associated with compliance with California Labor Code section 226.2 as adopted in October 2015 and (ii) any non-cash items not contemplated at the time the performance goals are established by the Compensation Committee, in each case as determined by the Compensation Committee), divided by “Total Invested Capital” as of December 31, [____] (defined as the sum of the face value of all outstanding long-term debt, the par value of all outstanding Common Stock, capital surplus from shareholders equity and the par value of all outstanding preferred stock, if any, as determined by U.S. generally accepted accounting principles), as certified by the Committee in its reasonable discretion. For the avoidance of doubt, in no event shall the Performance Condition be deemed satisfied unless Adjusted ROIC equals or exceeds the threshold level provided in the table above. To the extent that actual Adjusted ROIC is between the threshold and target levels or between the target and maximum levels described in the table above, the percentage at which the Performance Condition is satisfied shall be determined on a pro rata basis using straight line interpolation; provided that the Performance Condition shall not be satisfied and no Target PSUs

shall become vested if the actual Adjusted ROIC is less than the threshold level of performance; and provided, further, that the maximum number of Target PSUs that satisfy the Performance Condition shall not exceed 200% of the Target PSUs. The Committee shall determine the level at which the Performance Condition is satisfied following the completion of calendar year [____] and on or before March 15, [____] (such date referred to herein as the "Certification Date").

(b) Certain Terminations. Notwithstanding the foregoing,

(i) In the event of the Participant's termination of service with the Company and its Subsidiaries pursuant to a Qualifying Termination (as defined in Section 3(e) below), then the Time-Based Condition shall be deemed satisfied with respect to an additional number of Target PSUs in an amount equal to the product of (A) the number of Target PSUs that would have satisfied the Time-Based Condition upon the next regularly scheduled time-based vesting date had the Participant's service with the Company or any of its Subsidiaries continued through such time, and (B) a fraction, the numerator of which is the number of days that have elapsed since the most recent time-based vesting date prior to such Qualifying Termination (or, if the Qualifying Termination occurs prior to the First Vesting Date, since [____]) and the denominator of which is 365. For the avoidance of doubt, in the event that such Qualifying Termination occurs prior to the Certification Date, the number of Target PSUs that satisfied the Time-Based Condition pursuant to this paragraph shall remain outstanding until the Certification Date and shall fully vest upon the Certification Date based upon the level at which the Performance Condition is satisfied at such time.

(ii) If the Participant dies or is deemed to be "permanently and totally disabled" (as defined herein) while in the employ of the Company or any Subsidiary following the First Vesting Date, and such event terminates the Participant's service relationship with the Company or any of its Affiliates, then the Time-Based Condition shall be deemed fully satisfied with respect to any PSUs outstanding at the time of such termination. For purposes of this Section 3(b)(ii), the Participant shall be considered "permanently and totally disabled" if the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer. The existence of a permanent and total disability shall be evidenced by such medical certification as the Secretary of the Company shall require and as the Committee approves. For the avoidance of doubt, if the Participant dies or is deemed to be "permanently and totally disabled" (as defined herein) while in the employ of the Company or any Subsidiary and prior to the First Vesting Date, all PSUs shall be immediately forfeited upon such termination and the Participant shall have no further rights to such PSUs hereunder.

(c) Change in Control. Notwithstanding the foregoing, in the event of a Participant's Qualifying Termination within twelve (12) months following a Change in Control, the Time-Based Condition shall be deemed fully satisfied with respect to any PSUs outstanding at such time. Furthermore, in the event that such Qualifying Termination occurs prior to December 31, [____], the Performance Condition for such Participant shall be deemed satisfied at the target level. For the avoidance of doubt, a Change in Control shall not result in the accelerated vesting of either the Time-Based Condition or the Performance Condition except as otherwise expressly provided in this Section 3(c) or the Plan.

(d) Forfeiture. All PSUs for which both the Time-Based Condition and the Performance Condition have not been satisfied, or that are not fully vested, prior to a Participant's termination of service with the Company and its Subsidiaries for any reason (after taking into account any accelerated vesting on account of such termination as provided in Section 3(b) or 3(c)) shall be immediately forfeited upon such

termination and the Participant shall have no further rights to such PSUs hereunder, provided, however, that in the event of the Participant's termination following the First Vesting Date (or, if earlier, pursuant to a Qualifying Termination as provided in Section 3(b)) but prior to the Certification Date, the PSUs that satisfied the Time-Based Condition shall remain outstanding until the Certification Date and have the opportunity to satisfy the Performance Condition upon the Certification Date, to the extent that Performance Conditions are satisfied. The number of PSUs that do not satisfy the Performance Condition as of the Certification Date shall immediately expire upon the Certification Date and the Participant shall have no further rights hereunder.

(e) Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings provided below:

(i) "Cause," means (i) the Participant's willful misconduct or gross negligence in the performance of the Participant's duties to the Company; (ii) the Participant's continued refusal to substantially perform the Participant's material duties to the Company or to follow the lawful directives of the Company's Board of Directors (other than as a result of death or physical or mental incapacity) that continues after written notice from the Company; (iii) the Participant's indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony or any crime involving moral turpitude; (iv) the Participant's performance of any material act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of the Company's property; or (v) material breach of this Agreement or any other agreement with the Company, or a material violation of the Company's code of conduct or other written policy that is not cured within ten (10) days of notice from the Company.

(ii) "Change in Control" shall mean the occurrence of one of the following:

(1) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company ("Excluded Persons")) becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities, excluding an acquisition pursuant to a Business Transaction (as defined below) that does not constitute a "Change in Control" thereunder;

(2) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(3) a merger or consolidation of the Company or any direct or indirect subsidiary of the Company (a "Business Transaction") with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or its successor

(or the ultimate parent company of the Company or its successor) outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than Excluded Persons) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control of the Company; or

(4) a complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale (or to an entity controlled by such person or persons).

(iii) "Good Reason" means the occurrence of any of the following events: (i) reduction in Participant's base salary or target bonus, (ii) any material diminution in Participant's titles, duties or responsibilities or the assignment to Participant of duties or responsibilities that materially impairs Participant's ability to perform the duties or responsibilities then assigned to the Participant or normally assigned to someone in the Participant's role of an enterprise of the size and structure of the Company, (iii) the assignment of duties to the Participant that are materially inconsistent with the Participant's position with the Company, or (iv) a material breach of this Agreement or any other material, written agreement with Participant. For purposes of this Agreement, Participant shall have Good Reason to terminate employment if, within thirty (30) days after Participant knows (or has reason to know) of the occurrence of any of the events described above, Participant provides written notice requesting cure to the Board of such events, and the Board fails to cure, if curable, such events within thirty (30) days following receipt of such notice, and the Participant actually terminates employment within ninety (90) days following the expiration of such cure period.

(iv) "Qualifying Termination" means a termination of the Participant's service by the Company without "Cause" or a termination of the Participant's service by the Participant for Good Reason.

4. **Delivery of Cash for Vested PSUs.** Following the satisfaction of both the Time-Based Condition and the Performance Condition with respect to any part of the PSUs granted hereunder, the Participant shall receive an amount of cash equal to the Fair Market Value of the number of shares of Common Stock that correspond to the number of such PSUs, which shall be delivered within five (5) business days of the satisfaction of both conditions, and, for purposes of compliance with Section 409A of the Code, in no event later than March 15 of the calendar year following the calendar year in which or with respect to which both the Time-Based Condition and the Performance Condition for such PSU is satisfied. The amount of cash delivered shall be based upon the Fair Market Value of a share of Common Stock as of the later of the (y) the date that the applicable tranche of RSUs satisfies the Time-Based Condition or (y) the Certification Date. For the avoidance of doubt, the portion of the PSUs that have satisfied both the Time-Based Condition and the Performance Condition as of the Certification Date shall be settled with the applicable amount of cash no later than March 15, [_____].

5. **No Rights as Stockholder.** The Participant shall have no rights as a stockholder (including, without limitation, voting rights and rights to dividends) with respect to any shares of Common Stock covered by any PSU.

6. **Non-Transferability.** No portion of the PSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the PSUs as provided herein, unless and until payment is made in respect of vested PSUs in accordance with the provisions hereof and the Participant has become the holder of record of the vested shares of Common Stock issuable hereunder.

7. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

8. **Taxes.** To the extent the Participant has taxable income in connection with the grant, vesting or payment of the PSUs or the delivery of shares of Common Stock, the Company is authorized to withhold from any compensation payable to Participant, including shares of Common Stock that the Company is to deliver to the Participant, or require the Participant to remit to the Company any taxes required to be withheld by foreign, federal, state, provincial or local law. By executing this Agreement, the Participant authorizes the Company to withhold any applicable taxes.

9. **Securities Representations.** This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an “affiliate” within the meaning of Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”) and in this connection the Company is relying in part on the Participant’s representations set forth in this Section 9.

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Common Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such shares of Common Stock and the Company is under no obligation to register such shares of Common Stock (or to file a “re-offer prospectus”).

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that (i) the exemption from registration under Rule 144 will not be available unless (A) a public trading market then exists for the Common Stock of the Company, (B) adequate information concerning the Company is then available to the public, and (C) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and (ii) any sale of the shares of Common Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

10. **Entire Agreement; Amendment.** This Agreement, together with the Plan, contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. For the avoidance of doubt, the vesting terms in this Agreement shall supersede the vesting terms that may be provided in any employment agreement or severance agreement to which the Participant may be a party. The Committee shall have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. This Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

11. **Notices.** Any notice hereunder by the Participant shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the General Counsel (or its designee) of the Company, or, if not available, the Board. Any notice hereunder by the Company shall be given to the Participant in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

12. **No Right to Service.** Nothing in this Agreement shall interfere with or limit in any way the right of the Company or its Subsidiaries to terminate the Participant’s service at any time, for any reason and with or without Cause.

13. **Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to the PSUs awarded under this Agreement for legitimate business purposes. This authorization and consent is freely given by the Participant.

14. **Compliance with Laws.** The grant of PSUs shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company shall not be obligated to issue the PSUs pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the PSUs, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation.

15. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the PSUs are intended to be exempt from the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent as is reasonable under the circumstances.

16. **Binding Agreement; Assignment.** This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant shall not assign (except in accordance with Section 6 hereof) any part of this Agreement without the prior express written consent of the Company.

17. **Headings.** The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

18. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

19. **Further Assurances.** Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

20. **Severability.** The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

21. **Acquired Rights.** The Participant acknowledges and agrees that: (a) the Company may terminate or amend the Plan at any time, subject to the limitations contained in the Plan or this Agreement; (b) the Award of PSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; (c) no past grants or awards (including, without limitation, the PSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and (d) any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

YRC WORLDWIDE INC.

By: _____

Name: _____

Title: _____

PARTICIPANT

Name: _____

Signature Page to Performance Stock Unit Agreement

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, James L. Welch, 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: April 28, 2016

/s/ James L. Welch

James L. Welch

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, Jamie G. Pierson, 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: April 28, 2016

/s/ Jamie G. Pierson

Jamie G. Pierson

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of YRC Worldwide Inc. on Form 10-Q for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James L. Welch, 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: April 28, 2016

/s/ James L. Welch

James L. Welch

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, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamie G. Pierson, 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: April 28, 2016

/s/ Jamie G. Pierson

Jamie G. Pierson

Chief Financial Officer