Q&A Stock Option Plan

Q: The prior MOU provided stock options in exchange for the 10% wage concession. Is there a similar plan in the Revised Agreement?

A: Yes. The Revised Agreement provides that an additional Stock Option Plan will be established for eligible employees with options to purchase 20% of YRCW outstanding shares. This "New Stock Option Plan" is in addition to the previous Stock Option Plan ("Prior Option Plan") that was established in the prior MOU.

Q: How can the option plan provide value?

A: The terms and mechanisms of the New Stock Option Plan will be similar to the Prior Option Plan. Under both plans options are granted to eligible employees individually. The New Stock Option Plan will grant options on the Effective Date of the Revised Agreement. At that date the "strike price"– the closing price of stock on the Effective Date – is set. The strike price reflects the base price from which the stock needs to appreciate or increase in order for the options to provide value. At a point in time – likely one year after the grant date and before the end of the 10-year expiration – individual participants can choose to "exercise" their options if the stock has an "exercise price" greater than the strike price.

This means that the decision on when to exercise the options is in the hands of the plan participants. Plan participants will have an account set up by an administrator to monitor the shares and provide technical guidance on how to exercise their options.

Q: How many shares will I get?

A: Like the Prior Option Plan, the number of shares going to individuals will be calculated based on Earnings. For tax reasons it is in your best interest that each participant's level of stock options are designated in the plan at the same time as the options are granted. In order for the grant, vesting, exercise and payments of awards to occur in a uniform and transparent method and to avoid the negative tax implications of Section 409A of the IRS Code, the plan had to be set up in such a manner.

Q: Why does the plan require Shareholder Approval?

A: As with the Prior Option Plan, this one also requires Shareholder Approval. Because of the dilutive effect the issuance of new stock options has on all shares of common stock outstanding (new stock in the marketplace makes all existing stock have less relative value of the company), the Union Employee Option Plan requires YRCW shareholder approval to be obtained within a year time period. The union believes a positive shareholder vote on the plan will enhance the opportunity for recovery of some of the monies our members have sacrificed and is encouraging all shareholders, especially Teamster members who currently hold YRCW stock, to vote "Yes" on this issue when ratification is conducted.

Q: What happens if the Shareholders do not approve the New Option Plan?

A: In the event the Union Employee Option Plan is not approved by shareholders within one year, it terminates and an alternative plan—Stock Appreciation Rights ("SARs") Plan becomes effective. Although the union fully expects YRCW shareholders to approve the Union Employee Option Plan, in the event that does not occur, the union and the company have negotiated a contingent plan that values the 20% option plan very similarly but does not use actual stock to accomplish a potential recoupment of lost wages. Rather than the granting of actual stock options, the company would use SARs to make a cash payment to plan participants based on the appreciation of the common stock, if any, above the strike price. This plan does not require shareholder approval but mirrors the features of the Option Plan although the aggregate fair value of the SARs would be calculated differently. In the event the New Option Plan is approved by shareholders, this SARs Plan does not go into effect and is terminated.

This represents our summary of the plan documents—please consult the actual plans when they are distributed for specific details. If you are already a shareholder of YRCW, additional information will be communicated to you through the company's proxy.

Below is hypothetical example on how the options could provide value:

1) Strike price is set at $2 per share on August 6, 2009.
2) On June 30, 2012 YRCW stock hits a 52 week high of $10 per share.
3) You as participant elect to sell 450 shares at the $10 per share level. That would reflect the "exercise" price.
4) You would receive the value of the exercise price ($10) less the strike price ($2) or $8 per share less applicable taxes. You would multiply that difference by the number of shares ($8 * 450 = $3,600) to determine your pre-tax proceeds.