



TEAMSTERS Freight UPDATE

MARCH 8, 2010

Summary of Second Teamster Stock Option Plan

On March 1, 2010 we finalized the Second Teamster Stock Option Plan (see www.teamster.org under the YRCW banner for copies of the full plans and details). This is an additional stock option plan that was negotiated as part of the revised MOU in August 2009 that provided options equivalent to 20 percent of outstanding shares of the newly reconstituted, or post “debt-for-equity swap” YRCW. Please note many of the arrangements contained in the final plan were arrived at to best improve our members’ ability to recoup some level of lost earnings and maintain any tax advantages associated with options.

Major features of this plan include:

- **Number of shares issued.** The plan provides approximately 263 million new shares of YRCW common stock for Teamsters who meet the qualifying criteria and are participating in the July 2009 MOU. These shares are undiluted by debt-equity-exchange we discussed—a major plus for working YRCW Teamsters.
- **Eligibility and Allocation.** The options under the Second Teamster Option plan will be allocated based on the earnings during the period January 1, 2009 to June 30, 2009 by qualified YRCW Teamsters on seniority boards on July 1, 2009.
- **Vesting.** One major difference under this plan is that participants do not have to wait one year for the options to become exercisable. Assuming shareholder approval occurs at the YRCW annual meeting in May 2010, Teamster stock options will become vested and exercisable the following day and will be exercisable for the next 10 years.
- **Strike Price.** The strike price, the price you have to purchase the options to exercise them, was agreed to be either the higher of 48 cents or the closing price on March 1, 2010. Since the closing price was below 48 cents on that date, the options have a share price valued at 48 cents per share.

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Dear YRCW Teamster,

YRC Worldwide Inc. (YRCW) continues to overcome financial hurdles on its long-term plan of returning to financial and operating health. The company has cleared some important hurdles but will continue to face challenges in this difficult operating environment. We have finalized some additional issues related to last year’s revised wage reduction and job security plan and wanted to provide an update on the company’s ongoing recovery.

First a quick overview of some recent events. YRCW’s comprehensive financial restructuring achieved its major 2010 objective when the debt-for-equity exchange was completed on December 31, 2009 and the \$490 million transaction was approved by shareholders February 17, 2010. While eliminating a very significant portion of the company’s overall debt load, the debt-for-equity exchange gave effective ownership of the company to its former bondholders. Largely due to your union’s efforts to see the transaction through over the holidays and beyond, this achievement essentially wiped out the majority of YRCW’s long-term debt and associated interest payments—a move which greatly improves the company’s overall outlook for 2010 and beyond. It did, however, put 94 percent of the company’s stock in the hands of new owners through the issuance of hundreds of millions of shares of new stock.

The issuance of new stock has had a significant impact on YRCW’s stock price. While alarming at times, the stock price declines are part of both the marketplace evaluating the company on almost a daily basis and the dilution of all stock caused by the scale of the transaction. Given the massive issuance of shares necessary to satisfy the 94 percent ownership requirement of the bond exchange and the 20 percent Teamster options on top of that—over a billion shares in total—it is logical for the stock price to drop. While it is a bit surprising that it took as long as it did for the stock to drop from the initial announcement of the dilution terms in the bond exchange on November 2, 2009 to the shareholder vote on February 17, 2010 it should not come as a surprise that it fell as much as it did. Bottom line is the dramatic drop is more a function of the mechanics of the bond exchange than anything else.

Over the past month, the company announced another step forward as it got a \$70 million commitment to purchase new convertible notes and use the proceeds to pay off the remaining \$65 million in bonds that were leftover from the December exchange. The ability to issue new notes was subject to a special shareholder vote on February 17, 2010 and represents the last major financial impediment for YRCW for the foreseeable future. All YRCW Teamsters should take credit for our continued ability to make the tough decisions that have enabled YRCW to survive in these terrible economic times and troublesome credit markets.

Another point to keep in mind is that the former bondholders and their representatives will be seated as the new majority owners of the company soon—majority control of the YRCW Board of Directors is changing. As Teamsters, representing the cornerstone contributor toward YRCW’s long term survival, we plan on having significant influence and dialogue with this new Board which will include a Teamster-chosen representative. We hope to report soon to you about whom this person is and when the new YRCW Board will be constituted.

Lastly, we are pleased to inform you that the Second Teamster Stock Option Plan was finalized on March 1, 2010. This second stock option plan was negotiated as part of the revised MOU in August 2009 and provided options equivalent to 20 percent of outstanding shares in the reconstituted, or post “debt-for-equity swap” YRCW. Please see Teamster Stock Option Summary enclosed in the mailing for details of the option plan.

Now that all the major components of the financial restructuring are completed, we believe YRCW can focus 100 percent on its operations and we can continue the turnaround by getting more freight in the system and continue to provide the best service level possible to YRCW customers. Please note we will continue to conduct senior level meetings with YRCW management at every opportunity we can and are vigilant about expressing the concerns you have shared with us over the past several months. Rest assured we will be relentless in addressing Teamster interests in every available forum we have with YRCW and will continue to update you as progress occurs.

If you have any questions, please contact the Teamsters National Freight Division.

Fraternally,

From Tyson Johnson, TNFINC Co-Chairman

Summary of Second Teamster Stock Option Plan *continued from front*

- **Impact of a Reverse Stock Split.** Due to the very low nominal value of YRCW's stock over the past few months, the company recently received approval to conduct what's known as a "reverse stock split" which reduces the number of shares outstanding but increases the value of each individual share proportionally. We anticipate this occurring within the next month or so and will result in the dollar value of each YRCW share increasing but the number of shares allocated to each shareholder reduced in tandem. This would also affect the "strike price" mentioned earlier. For example, if the company implements a 10:1 reverse split, every YRCW share of common stock, if it were trading or valued at 48 cents per share, would increase to \$4.80 per share but shareholders will get only one share for every 10 shares previously held.
- **Shareholder Approval.** As with the prior plan, the shareholders will need to approve this option plan. We believe this will be accomplished at the YRCW annual meeting to be held in May 2010 in Kansas City.

In the event shareholders do not approve the Second Teamster Stock Option Plan, we have negotiated a back-up plan, a Stock Appreciation Rights (SAR) Plan, that similarly tracks YRCW's common stock to deliver potential stock price upside earnings to Teamster members under the same principles as the Options Plan.

Details on the SAR Plan can also be found at <http://www.teamster.org/content/ycw-freight-updates>



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For more information, visit:

www.teamster.org/content/ycw-freight-updates