

**EXTENSION OF THE AGREEMENT FOR THE RESTRUCTURING
OF THE YRC WORLDWIDE INC. OPERATING COMPANIES**

YRC Inc. (d/b/a YRC Freight), USF Holland Inc., New Penn Motor Express, Inc., and USF Reddaway Inc. (collectively the “Employer”) have provided this Extension of the Agreement for the Restructuring of the YRC Worldwide Inc. Operating Companies (hereinafter the “Extension Agreement”) to the Teamsters National Freight Industry Negotiating Committee (“TNFINC”) of the International Brotherhood of Teamsters (the “IBT”, the “Teamsters” or the “Union”). This Extension Agreement is for the express purpose of providing job security for the Employer’s Teamster bargaining unit employees by creating the opportunity to continue the financial restructuring of the Employer.

1. **Term.** The Agreement for the Restructuring of the YRC Worldwide Inc. Operating Companies (the “Restructuring Agreement”), the 2008-2013 National Master Freight Agreement and applicable Supplements (the “NMFA”), and the USF Reddaway Western Contract and Northwest Agreement (“Reddaway Agreements”) shall be extended from March 31, 2015 until March 31, 2019, subject to the modifications set forth below.

2. **Ratification Bonus & Lump Sum Payment.** The Employer shall pay a bonus of \$750.00 in the event this Extension Agreement becomes effective. The ratification bonus will be payable within thirty (30) days of the Effective Date to all regular employees on the seniority list at the time of ratification, provided the employee was active within ninety (90) days of December 31, 2013 and still is employed by the Employer at the time of payment. The Employer also shall pay a lump sum payment of \$750.00 on April 1, 2015 to all regular full-time employees on the seniority list who have been actively working for the prior twelve (12) months. The \$750.00 bonus and payment shall not be subject to the 15% reduction.

3. **Wage Increases.** This Extension Agreement provides for hourly rate increases and equivalent mileage rate increases, as follows:

April 1, 2016	\$.40/hr
April 1, 2017	\$.40/hr
April 1, 2018	\$.40/hr

All wage and mileage increases will be subject to the 15% reduction outlined in the Restructuring Agreement. There shall be no hourly or equivalent mileage rate increase in 2014. There shall be no wage increases for clerical employees, non-CDL dock employees, maintenance employees, janitors, and porters for the term of this Extension Agreement. Shop mechanics will receive the above wage increases.

4. **Health & Welfare Contributions.** The Employer shall maintain health and welfare benefit levels by increasing health and welfare contribution rates up to the following amounts, based on the rates determined by the applicable health and welfare fund to maintain the current benefits.

January 1, 2015	\$.35/hr
August 1, 2015	\$.50/hr
August 1, 2016	\$1.00/hr
August 1, 2017	\$1.00/hr
August 1, 2018	\$1.00/hr

There shall be no increase payable on August 1, 2014.

5. **Pension Contributions.** The Employer shall continue to make contributions to the applicable pension funds or 401(k) plan at 25% of the 2009 rate, consistent with the Restructuring Agreement. To the extent any health and welfare fund needs less than \$.60/hr on August 1, 2016, \$.70/hr on August 1, 2017, or \$.75/hr on August 1, 2018, the amount less than \$.60/hr, \$.70/hr, or \$.75/hr (as applicable) may be directed by the applicable Supplemental Negotiating Committee to increase the contribution rate for the corresponding pension fund or 401(k) plan.

6. **Profit Sharing Bonuses.**

(a) Profit sharing bonuses will be payable according to the following schedules beginning in 2016 (based on 2015 performance), provided the applicable annual published operating ratio is within the specified ranges for any full calendar year. Bonus calculations and payments will be separate for YRC Freight and the Regional Carriers (Holland, New Penn, and Reddaway), with the operating ratio for the Regional Carriers being calculated on a combined basis:

<u>YRC Freight Operating Ratio</u>	<u>Bonus Amount</u>
96.1 to 97.0	1%
93.1 to 96.0	2%
93.0 and below	3%

<u>Regional Carrier Combined Operating Ratio</u>	<u>Bonus Amount</u>
94.1 to 95.0	1%
92.1 to 94.0	2%
92.0 and below	3%

Bonus amounts shall be calculated based on each individual employee's W-2 earnings (excluding any profit sharing bonuses) for the year in which the qualifying operating ratio was achieved.

(b) Profit sharing bonuses will be distributed to the employees by separate check within ninety (90) days of the end of the calendar year. An employee must be on the seniority list for the entire calendar year during which the qualifying operating ratio was achieved to be eligible for a bonus. Any employee who resigns or retires or whose employment otherwise terminates, whether voluntary or involuntary, during the year in question shall not be eligible for a bonus.

(c) The Employer will not initiate inter-company charges or change accounting assumptions or practices (GAAP), except as required to conform to governmental regulation, for the purpose of avoiding the payment of a profit sharing bonus.

7. **Contract Modifications.** The following modifications to the NMFA are to be included as part of the first 39 Articles of the NMFA and cover the entire NMFA bargaining unit, as modified by the General Executive Board of the International Brotherhood of Teamsters in its Resolution of November 24, 2009. Where applicable, these same modifications shall apply to the Reddaway Agreements. Nothing in this Section 7 of this Extension Agreement is intended, however, to further restrict the Employer's operations, eliminate existing Employer flexibilities, or result in less favorable conditions for the Employer.

- (a) **National Uniform Attendance Policy:** The parties recognize that the vast majority of employees report for work when scheduled and do not have an attendance problem. The parties further recognize, however, that absenteeism among even a small group of employees is detrimental to the Employer's operations. For this reason, the parties adopt the National Uniform Attendance Policy attached as Exhibit A. This Policy shall not apply to USF Reddaway.
- (b) **Paid Vacation:** Vacation currently paid at more than forty (40) hours will be paid at forty (40) hours. Vacation currently calculated at 1/52 will be based on 1/58. These changes only apply to vacation earned after the Effective Date. Between the months of March and October, employees shall have the option of receiving pay in lieu of vacation. The payout of accrued vacation during this period will be in one (1) week increments.
- (c) **Reduced Vacation:** Vacation shall be reduced by one (1) week for employees with three (3) weeks of vacation for the first three (3) years of their three (3) week vacation eligibility (usually the 8th, 9th and 10th anniversary years) and restored in the fourth year of their three (3) week vacation eligibility (usually the 11th anniversary year). The current method for computing vacation pay shall apply. These reductions only apply to vacation earned after the Effective Date.
- (d) **Mandatory Direct Deposit:** Where not prohibited by State Law, all employees are required to use electronic deposit of their paychecks. If the

employee is enrolled on Direct Deposit and the employee's pay is not deposited to their bank accounts on payday due to Employer error, the employee's pay will be deposited to the employee's account by means of Electronic Funds Transfer or the employee will be paid by station draft that same day. If an employee is unable to obtain a bank account, he/she will be paid electronically using a pay card/debit card. If for reasons beyond the Employer's control, such as weather delays, express mail failure, etc. an employee's "paycheck" or debit card does not arrive at the employee's facility by payday, a replacement check will be issued and mailed to the employee's facility by the end of the business day.

- (e) **Non-CDL Rate**: Clerical employees, non-CDL dock employees, maintenance employees, janitors, and porters hired after the Effective Date shall start at a rate of \$16.00 per hour, subject to the existing progression for CDL-qualified employees (beginning at 85%). This does not apply to shop mechanics.
- (f) **Purchased Transportation**: The following shall cover YRC Freight's use of Purchased Transportation Service (PTS) and outline employee protections in connection with PTS. YRC Freight shall be permitted to use a limited amount of PTS for over-the-road transportation only and in connection with the movement of freight between distribution centers. Nothing in this Section 7(f) is intended to permit the use of PTS for any other operation (*i.e.*, P&D, Local Cartage, drayage, or shuttle operations). Article 29 of the NMFA remains in effect, except as specifically provided for in this Section 7(f).
- i) All active road drivers as of the Effective Date will be protected by red circle name from layoff directly caused by the use of purchased transportation per the attached seniority lists as of the Effective Date. This protection does not apply to a road driver who has been offered but declined a transfer pursuant to any Change of Operations.
- ii) Notwithstanding anything in the NMFA to the contrary, YRC Freight shall be permitted to utilize companies for over-the-road purchased transportation substitute service. The maximum amount of over-the-road purchased transportation shall be limited to 6% (starting with Calendar Year 2014) of YRC Freight's total miles as reported on line 301 of Schedule 300 of the DOT/FMCSA Annual Report during any calendar year. In conjunction with using over-the-road purchase transportation providers, YRC Freight's total combined intermodal rail miles and purchased transportation miles shall not exceed 26% of YRC Freight's total miles during any calendar year.
- iii) If a red-circled driver is available (which includes the two (2) hour period of time prior to the end of his/her rest period) at point of origin when the trailer leaves the terminal yard via purchased transportation, such driver's runaround compensation shall start from the time the trailer leaves the yard. Available red-circled drivers at relay points shall be protected against

runarounds if a violation occurred at the point of origin. If YRC Freight does not have an over-the-road domicile at the point of origin, YRC Freight shall protect the red-circled employees against runaround of the available drivers at the first relay point over which the freight would normally move had it not been placed on the purchased transportation. Available red-circled drivers at relay points shall be protected against runaround if a violation occurred at the first relay point. Runaround protection will be equal to the number of PTS drivers used; i.e. for each PTS used one aggrieved driver will be protected regardless of the dispatch system used at the affected terminal.

iv) In the event a Union carrier becomes available to YRC Freight and said carrier is cost competitive and equally qualified, YRC Freight will give such carrier first and preferred opportunity to bid on purchased transportation business. YRC Freight shall provide to the Union an up-to-date list of purchased transportation providers utilized within thirty (30) days of the end of each calendar quarter. In the event a PTS provider repeatedly violates the conditions established under this Extension Agreement, the Union shall have the ability to remove the carrier from future PTS utilization.

v) YRC Freight shall report in writing on a monthly basis to each Local Union affected, the number of trailers tendered to any purchased transportation provider. YRC Freight also shall report the carrier's name (including DOT number), origin, destination, trailer/load number, trailer weight and the time the trailer/load leaves YRC Freight's yard. In addition, YRC Freight shall, on a quarterly basis, unless otherwise required, send to the office of the National Freight Director a report containing all of the above indicated information in addition to the total number of miles YRC Freight utilized with purchased transportation, inclusive of the type of PTS utilized, including whether the purpose was for avoiding empty miles, overflow or one-time business opportunities such as product launches.

vi) To preserve and/or grow existing road boards, each time YRC Freight uses purchased transportation providers to run over the top of linehaul domicile terminal locations and/or relay domiciles, said dispatches shall be counted as supplemental or replacement runs, as applicable, for purposes of calculating the requirement to add new employees to the road board. The formula for recalling or adding employees to the affected road board shall be thirty (30) supplemental runs in a sixty (60) day period. The only two exceptions to this condition are (a) one-time business opportunities (such as product launches), and (b) runs to avoid empties.

(vii) Any disputes regarding PTS will be referred to the National PTS Committee consisting of an equal number of representatives from the Union and YRC Freight for resolution. Any disputes not resolved by the National PTS Committee will be referred to the National Grievance Committee.

- (g) **Utility Employee Operations:** Pursuant to Article 3, Section 7 of the NMFA, YRC Freight intends to establish Utility Employee operations at specified Distribution Centers to service designated end of the line terminals within a one hundred and eighty (180) mile radius. The purpose of these operations is to provide better service to YRC Freight's customers by establishing Utility Employees to provide service where there are driver shortages or difficulty in hiring road and/or local cartage employees. The establishment of Utility Employee operations as described in this Section 7(g) will not directly result in the layoff of road drivers at a facility where the Utility Employee operation is established.
- (h) **Service Area:** There are certain geographic areas where YRC Freight historically has had low shipment density and/or driver shortages, which prevents YRC Freight from providing consistent levels of service and maintaining a profitable operation. YRC Freight must address these areas through the use of interline carriers while providing maximum protection and alternative work opportunities to employees.

Notwithstanding any other subcontracting restriction in the NMFA, YRC Freight shall be permitted to close terminals and/or discontinue specific terminal operations and thereafter continue servicing that geographic area by use of an interlining subcontractor. Any such terminal closure or partial closure shall be subject to an approved Change of Operations. Affected employees at the terminal operations subject to this provision shall receive all protections afforded under the Change of Operations procedure and offered work opportunities at the closest terminal with demonstrated need for employees in the relevant classifications. Moving expenses shall be paid in accordance with established Change of Operations practices.

YRC Freight shall monitor those geographic areas where it is using interline subcontractors. YRC Freight will discontinue the use of interline subcontractors in those areas where sustained business levels and/or the number of YRC Freight drivers in the relevant locations establish a long-term business case for resuming operations.

8. **Equal Sacrifice of Non-Bargaining Unit Employees and their Participation.** For the avoidance of doubt, the equal sacrifice provisions of the Restructuring Agreement will continue to apply for the term of this Extension Agreement. The new hire rate and frozen wages for clerical employees, non-CDL dock employees, maintenance employees, janitors, and porters will be applied equally to equivalent non-union positions.

9. **Effective Date.** If this Extension Agreement is submitted for secret ballot vote of all bargaining unit employees, it shall be put into effect if (a) 50% plus one of the bargaining unit employees voting, vote to adopt the Extension Agreement; (b) YRC Worldwide Inc. addresses at least 90% of the aggregate outstanding principal amount of the Series A Notes and Series B Notes (the "Series A and B Notes") through any combination of the following options: (i) by converting to equity, (ii) by retiring through

the proceeds of one or more equity offerings or (iii) by setting aside a sufficient amount of cash to redeem at maturity; (c) YRC Worldwide has made reasonable efforts to refinance both the existing Credit Agreement and Asset Based Loan facilities on terms that are better taken as a whole than are currently in existence; and (d) TNFINC shall be satisfied with the final terms and conditions of the provisions of the transactions contemplated in (b) and (c) above and the efforts with respect to (c) above and shall notify YRC Worldwide Inc. accordingly in writing. Such written notification of satisfaction shall not be unreasonably withheld. The Extension will be effective on the first day of the first payroll period commencing after the later of the date of ratification, the refinancing described in (b) and (c) above, and the written notification described in (d) above (the "Effective Date").

In Witness of the foregoing, the parties hereby acknowledge this Extension Agreement:

YRC Inc.:

By: _____

Date: _____

USF Holland Inc.:

By: _____

Date: _____

New Penn Motor Express, Inc.:

By: _____

Date: _____

USF Reddaway Inc.:

By: _____

Date: _____

Teamsters National Freight Industry Negotiating Committee:

By: _____

Date: _____

Exhibit A

National Uniform Attendance Policy
All Regions and Supplements of the NMFA

The parties agree that the purpose of attendance disciplinary action is to correct an employee's behavior. Continued disregard of attendance obligation will result in discharge if the employee fails to change the behavior.

Disciplinary Progressions for Absenteeism or Tardiness:

First Offense:	Verbal Warning
Second Offense:	Warning Letter
Third Offense:	One (1) Day Suspension
Fourth Offense:	Three (3) Day Suspension
Fifth Offense:	Discharge

Progressions will be followed in all instances unless extraordinary circumstances dictate an accelerated or decelerated progression. Examples of an accelerated progression would be No Call/No Shows or blatant abuse of time off. An example of decelerated progression would be a long time period between absences.

Discipline may be issued on all unexcused absences. Committees may consider timely, bona fide, verifiable doctors excuses in determining the validity of disciplinary action. Proper communication on all absences is the employee's responsibility.

The Employer may discharge an employee who has received two letters of suspension as long as the letters resulted in agreed to or a committee's action discipline.

**TNFINC Summary of the Company’s Proposal to Modify
and Extend the Current Agreement**

The following is a summary of the Company’s proposed Agreement to extend and modify the “Agreement for the Restructuring of the YRC Worldwide, Inc. Operating Companies” (“2010 Restructuring Agreement”) that was ratified by the membership in 2010. The new proposal, if ratified, would apply to Teamster represented employees of all YRC Companies (YRC, Inc., USF Holland, Inc., New Penn Motor Express, Inc., and USF Reddaway, Inc.). It would modify and extend the 2010 Restructuring Agreement which will in all other respects remain in full force and effect through March 31, 2019. Please refer to the proposed Agreement itself for complete details.

1. TERM Under the Company’s proposal, the terms of the 2008-2013 National Master Freight Agreement and applicable Supplements (“NMFA”), the modifications set forth in the 2010 Restructuring Agreement (“2010 Restructuring Agreement”) and the USF Reddaway Western Contract and Northwest Agreement (“Reddaway Agreements”) would be extended from March 31, 2015 until March 31, 2019, with a number of changes. Except as changed by the proposal, the NMFA, the 2010 Restructuring Agreement and the Reddaway Agreements would remain in place.

2. MODIFICATIONS Proposed changes include the following:

• **Ratification Bonus and Lump Sum Payment.**

The Company is proposing a \$750 lump sum payment for each regular employee on the seniority list in the event the proposal is ratified and becomes effective, provided the employee was active within 90 days of December 31, 2013 and is still employed at the time of the payment. This payment would replace and be in lieu of the \$.40 increase due on April 1, 2014 under the 2010 Restructuring Agreement.

The Company is proposing a second \$750 lump sum payment on April 1, 2015 for all regular full time employees on the seniority list who have been actively working for the prior 12 months. There would be no hourly/mileage pay increase during 2015.

• **Wages.**

The Company is not proposing that the wage rate of any current Teamster represented employee be reduced.

The Company is proposing the following wage (with equivalent mileage) increases, which will be subject to the 15 % reduction set forth in the 2010 Restructuring Agreement:

April 1, 2016	\$.40/hr (x 15 % reduction = \$.34)
April 1, 2017	\$.40/hr (x 15 % reduction = \$.34)
April 1, 2018	\$.40/hr (x 15 % reduction = \$.34)

These wage increases would apply to CDL employees and shop mechanics, but would **not** apply to clerical employees, non-CDL dock employees, maintenance employees, janitors and porters, who would be frozen at their current rates until March 31, 2019.

Clerical employees, non-CDL dock employees, maintenance employees, janitors and porters hired **after** the Extension Agreement takes effect would have a \$16/hour top rate. They would start at 85 % (\$13.60) and progress to \$16/hour under the CDL progression rate. This rate would remain frozen for these workers until March 31, 2019. This provision, however, would **not** apply to newly hired shop mechanics.

- **Health and Welfare Contributions**

The Company would maintain health and welfare benefits at current levels by maintaining current contributions, and increasing them by up to the following amounts, if and as required by the applicable health and welfare funds:

January 1, 2015	up to \$.35/hr
August 1, 2015	up to \$.50/hr
August 1, 2016	up to \$1.00/hr
August 1, 2017	up to \$1.00/hr
August 1, 2018	up to \$1.00/hr

The 2010 Restructuring Agreement would be modified so that the August 1, 2014 health and welfare increase will be deferred to January 1, 2015, as reflected above.

- **Pension Contributions**

The Company would continue to make contributions to the applicable pension funds or 401(k) plan at 25 % of the 2009 rate, consistent with the 2010 Restructuring Agreement.

If any health and welfare funds need less than \$.60/hr on August 1, 2016, \$.70/hr on August 1, 2017 or \$.75/hr on August 1, 2018 in order to maintain benefit levels, the difference between the amount required and \$.60/hr, \$.70/hr or \$.75/hr, as applicable may be directed by the applicable Supplemental Negotiating Committee to increase the contributions to the corresponding pension funds or 401(k) plan.

- **Profit Sharing**

Beginning in 2016, profit sharing bonuses would be payable based on the prior calendar year's performance where the annual published operating ratio is within the following specified ranges:

YRC FREIGHT OPERATING RATIO

96.1 to 97.0
93.1 to 96.0
93.0 and below

BONUS AMOUNT

1 % of W-2 earnings for previous year
2 % of W-2 earnings for previous year
3 % of W-2 earnings for previous year

REGIONAL CARRIER

COMBINED OPERATING RATIO

94.1 to 95.0
92.1 to 94.0
92.0 and below

BONUS AMOUNT

1 % of W-2 earnings for previous year
2 % of W-2 earnings for previous year
3 % of W-2 earnings for previous year

-Regional Carriers are Holland, New Penn and Reddaway.

-W-2 earnings will exclude any profit sharing bonuses earned during the previous year.

-Employees who resign, retire or whose employment is terminated during the year in question shall not be eligible for a bonus.

● **Additional significant contract modifications**

Attendance Policy. The Company may adopt a National Uniform Attendance Policy, which is the policy currently in effect in the Western Area. This change does not apply to USF Reddaway which will maintain its current policies.

Vacation Pay Reduction. Vacations currently paid at more than 40 hours per week will be capped at 40 hours per week. Vacation currently calculated at 1/52 will be based on 1/58. This would apply only to vacation earned after the proposed Extension Agreement takes effect.

Vacation Use. Between the months of March and October, employees would have the option of working and receiving pay in lieu of vacation, provided the pay in lieu of vacation would be made in 1 week increments.

Vacation Accrual Reduction. Vacation accrual for employees with 3 weeks of vacation would be reduced by one week. The week will be restored in the fourth year of the employee's three week eligibility. This would only apply to vacation earned after the proposed Extension Agreement takes effect.

Direct Deposit. Where not prohibited by law, all employees would be required to use automatic electronic deposit of their paychecks. Accommodations are proposed for situations in which deposits are not made appropriately due to Employer error or for employees who are unable to obtain bank accounts.

Purchased Transportation. This would allow limited use of road subcontractors up to 6% of total annual miles and 26 % of total miles maximum combined road and intermodal rail. Road drivers would be red-circled by name and protected from layoff and runaround caused directly by use of purchased transportation.

Utility Employee. This would permit use of utility employees within a 180 mile radius to service end of line terminals. It would not directly result in layoffs of road drivers.

Service Area. This would permit the Company to discontinue service to low volume areas and use contractors. It would be subject to the existing change of operations procedures. The Company would be required to reinstate direct employees if freight volumes increase.

3. EQUALITY OF SACRIFICE The equality of sacrifice language from the 2010 Restructuring Agreement would continue to apply for the term of the proposed Extension Agreement.

4. EFFECTIVE DATE The Proposed Agreement and the changes set forth in that proposal would take effect upon a favorable ratification vote and certain aspects of a successful refinancing by the Company, whichever occurs later.

End